



Ref: CEL/AR/18072022

18th July, 2022

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
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Re: Scrip Symbol: CENTUM/ Scrip Code: 517544

Dear Sir/ Madam,

Sub: Submission of Annual Report under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the 29th (Twenty Ninth) Annual Report along with the Notice of 29th (Twenty Ninth) Annual General Meeting of the Company for the financial year ended 31st March, 2022, as dispatched to the shareholders through electronic mode whose e-mail addresses are registered with the Company / Depository Participants / Registrar and Transfer Agent.

The aforesaid documents are also available on the website of the Company at www.centumelectronics.com

This is for your information and records.

Yours faithfully,
For **Centum Electronics Limited**

Indu H S

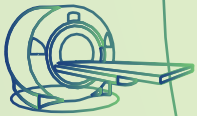
Indu H S
Company Secretary & Compliance Officer



Encl: as above



CENTUM



Centum Electronics Limited
Annual Report 2021-22

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Forward-Looking Statements

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



We are Centum Electronics Limited



Centum was founded in 1994 in Bangalore, India. Since then, the Company has rapidly grown into a diversified electronics Company with operations in North America, EMEA and Asia. The Company offers a broad range of products and services across different industry segments. It has continuously invested in strengthening its design & product development capabilities while developing deep domain knowledge in the segments it operates in. Centum has also established truly world-class manufacturing facilities with cutting edge infrastructure as well as a global supply chain capable of delivering products with high quality and reliability.

A key contributor to Centum Group's growth has been the strong relationships forged with international customers and partners. This customer-focused approach coupled with

Centum's culture hinged on the core-values of Technology-Teamwork-Trust has resulted in a track-record of high quality products & services and excellent execution ability.

Centum currently has a team of 1800 employees including 650 design engineers. With a 29 years of domain expertise in Electronics Design and Manufacturing Solutions Centum has provided its customers with Hi-Tech and Hi-reliability products with flexible engagement models and in the process developed a strong relationship with all the marquee global clients.

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



Our Vision

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

Major Events

during Financial Year 2021-22



Centum Electronics Limited is the proud recipient of the SIDM CHAMPION AWARD (Society of Indian Defence Manufacturers) from Hon'ble Defence Minister, Shri. Rajnath Singh under Large Category for import substitution for an outstanding contribution made towards critical technology development in the area of Defence Systems in line with Make in India policy of Government of India. Our CMD, Mr. Apparao V Mallavarapu and our President Mr. Vinod Chippalkatti received this prestigious award.

Centum was privileged to host Mr. Franck Riestler, Minister of Foreign Trade, France, Mrs. Anne Genetet, M P, Mr. Emmanuel Lenian, Ambassador of France and other senior delegates. Discussions were held on focusing the opportunities to build Company's strong presence in France and Europe in the strategic areas of Clean Tech & Energy, Defence, Mobility and Medtech.



The delegation led by Mr. Jean-Löic Galle, Senior Executive Vice President, Chief Operating Officer and Chief Performance Officer of Thales France along with Mr. Roque Carmona, Senior Vice-President & Group Chief Procurement Officer and Mr. Deepak Talwar - VP Global Procurement - Engineering Segment WW & VP Procurement - India, Middle East & Africa regions and Thales India team visited the Company. Mr. Jean's visit marked our 10 years of partnership with Thales, thus, fortifying our relationship further and strengthening our collaboration with Thales in the coming years.



A team led by Consulate General France Mr. Thierry BERTHELOT, Minister Counselor and Head of the Regional Economic Service, Mr. Benoit GAUTHIER and team from Indo French Chamber of Commerce and Industry (IFCCI) visited Centum Electronics Limited.

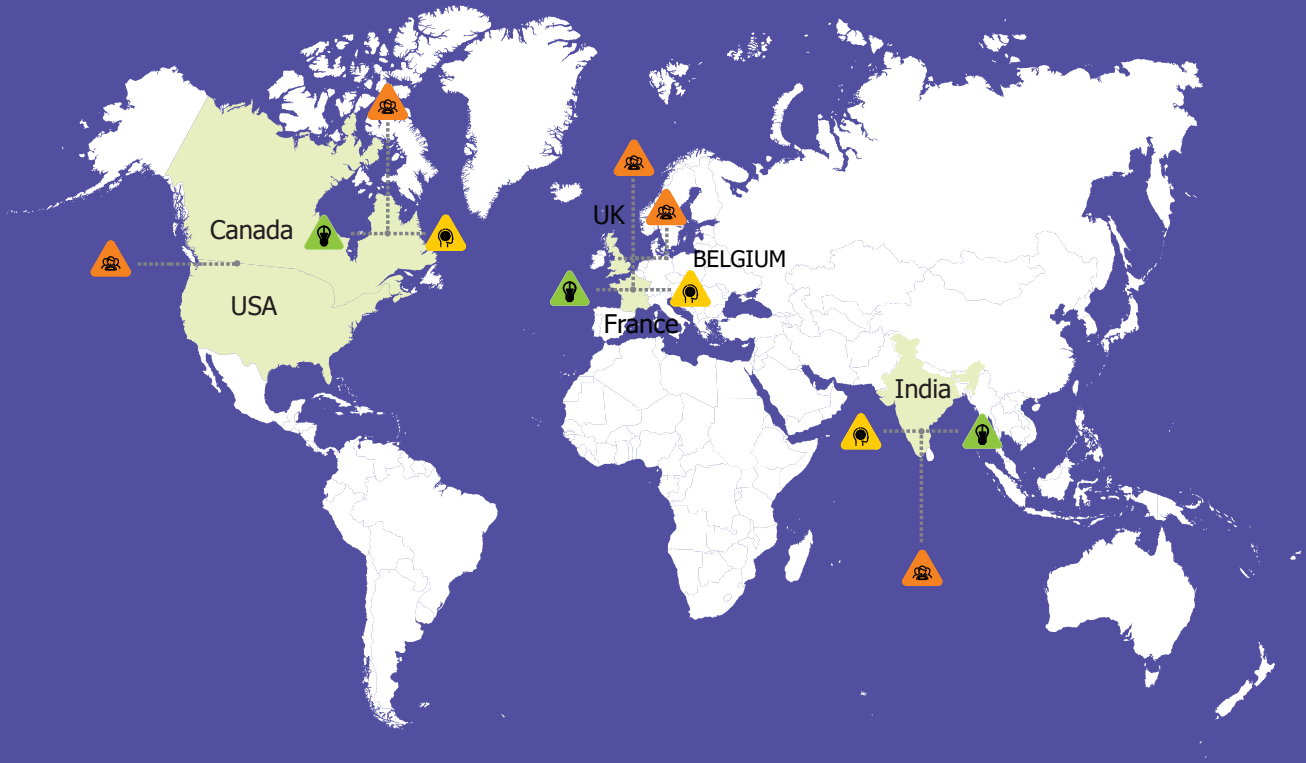
The visit led to discussions relating to the story of CENTUM's French entity and the opportunities in Electronics sector in India.

CENTUM had the privilege to receive H. E Mr. David Pine, New Zealand's High Commissioner to India to our Aerospace Park facility who was on an official visit to Bengaluru.

We had an opportunity to showcase our Facility Infrastructure, Capabilities and had a fruitful discussions about our future plans.



Our Global Footprint



Team Presence



Design Team



Manufacturing



Sales and support

Our Values



Teamwork

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



Openness and Trust

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



Integrity

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



Customer Relationship

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



Excellence

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



Social Responsibility

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

Manufacturing Facilities



Canada



Design Department - France



Micro Electronics Manufacturing - Bangalore



Facility in Bangalore Aerospace Park

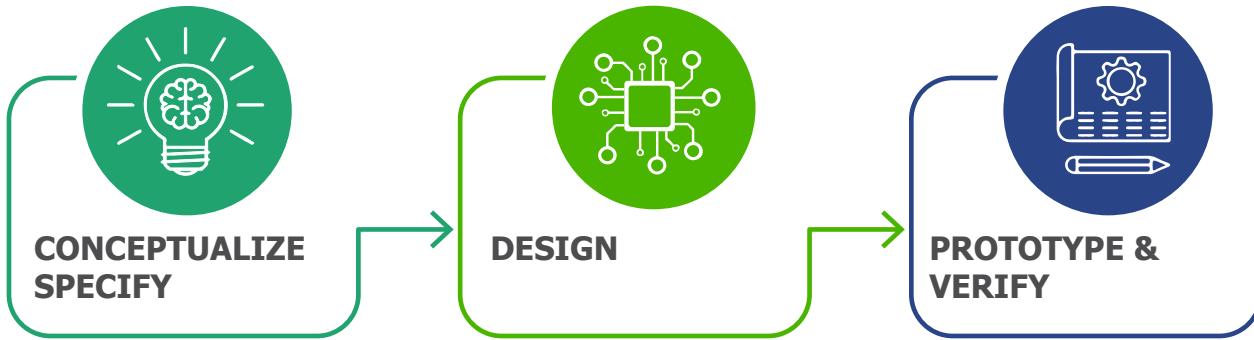


EMS Manufacturing - Bangalore



Testing Lab - Bangalore

OUR SERVICES & OFFERING



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

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

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

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

Engineering R&D Services (ER&D)

Engineering Services involve conceptualizing, designing and certifying of Electronic Hardware, Embedded Software, FPGA, Analog, Radio Frequency products, Power Electronics, etc.

Centum Group has a global design strength of over 650 design engineers and for the last 25 years, the company has been helping customers turn their ideas into products.

Centum’s engineers work together in multidisciplinary teams to realize customized products for mission-critical applications in high technology segments.

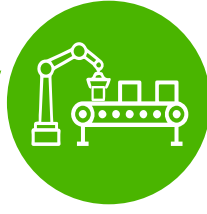
The company’s design centers are located in Europe, North America and India, which enable the company to work closely with international customers while bringing together the best talent from around the world to work on complex problems and provide a competitive solution by managing the optimal onshore/offshore mix for the projects.

Centum also provides flexible engagement models depending on the specific project requirements. Customers can choose between Consulting Engagements and Fixed Price Contracts.



PILOT PRODUCTION

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



MASS PRODUCTION

- Manufacturing
- Release management
- Documentation
- Product analysis
- Test tools handling



AFTERMARKET / LIFE CYCLE SUPPORT

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

Electronic Manufacturing Services (EMS)

The company's EMS Services include manufacturing solutions focused on a High reliability, High Complexity products in the high technology segment.

Centum offers a wide range of manufacturing solutions from Printed Circuit Board assemblies to Complex box builds, Line Replaceable Units (LRU) and full system integration.

The company helps its customers realize challenging products by having customer-focused teams that leverage their streamlined processes and systems and adapt them to the specific requirements of the customer and product where necessary.

By providing scalable manufacturing solutions and a flexible, proactive approach to managing the supply chain and lifecycle related challenges, Centum helps customers achieve their goals of lower Total Cost of Ownership and reduced time-to-market among others.

Build to Specification (BTS)

The Built to Specification services include taking a project from conceptualization to mass production quickly and efficiently. Centum's unique positioning with a full range of integrated capabilities makes it the ideal product realization partner.

Customers choose turn-key build to spec offering due to the convenience of a Single Point of contact for Design/ Engineering, Industrialization and Manufacturing which reduces the need for multiple interfaces at each stage of the project and also fastens the products time-to-market and facilitating a Design-To-Cost approach and reducing the Total Cost of Ownership. This engagement model involves higher IP and value creation opportunities for both the customer and for Centum.

The company is also able to better the product Lifecycle management by proactively and effectively managing issues such as obsolescence, performance upgrades, market-specific localization and cost reduction.

INDUSTRIES WE CATER



AEROSPACE

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



SPACE

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



DEFENCE

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

TRANSPORTATION



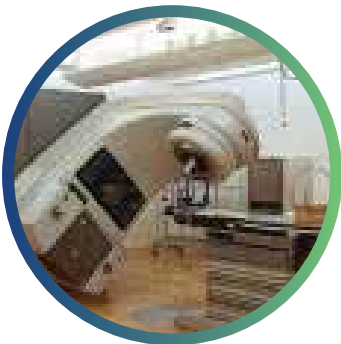
- Centum is at the forefront of the Transportation sector working very closely with the leading global OEMs and rail operators on developing the next-generation technologies for rolling stock and signaling applications.
- Centum has developed proprietary technologies in two key product lines listed below,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

AUTOMOTIVE



- The automotive industry is going through a dynamic transformation with new players entering the market introducing disruptive technologies incorporating electronics for applications such as autonomous driving, powertrain architecture, connectivity among others.
- Being a specialist in electronics design and manufacturing services Centum supports customers navigate this transformation by turning big ideas into reliable and performing solutions
- Centum's strong knowledge and experience of developing products to the required safety standards as well as past references in developing similar products for the aerospace and rail transport domains has positioned us well to support our customers as they develop new products and technologies to stay ahead.

HEALTHCARE



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

INDUSTRIAL & ENERGY



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

Financial Highlights

- Consolidated

Statement of Profit & Loss Account	2021-22	2020-21	2019-20	2018-19	2017-18
Total Income	7,880	8,232	8,986	9,375	7,941
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)*	742	895	980	1,038	398
Earnings Before Interest and Tax (EBIT)	391	500	720	831	247
Earnings Before Tax (EBT) [®]	127	205	352	481	29
Earnings per Share	(23.7)	13.3	15.8	30.5	(7.3)
Dividend per Share	2.5	4.0	2.5	5.0	1.0
Book Value per Share	154	186	178	189	168

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

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

Balance Sheet	2021-22	2020-21	2019-20	2018-19	2017-18
Property, Plant and Equipment and Intangible Assets	2,032	2,162	2,222	2,186	2,652
Investments	73	488	401	120	144
Net Assets (Current and Non-Current)	2,606	2,935	2,961	3,117	2,978
Net assets (held for disposal)	-	-	-	603	296
	4,711	5,585	5,584	6,027	6,070
Share Capital	129	129	129	129	129
Reserves & Surplus	1,856	2,272	2,171	2,309	2,032
Debt [#]	2,726	3,184	3,284	3,590	3,909
	4,711	5,585	5,584	6,027	6,070

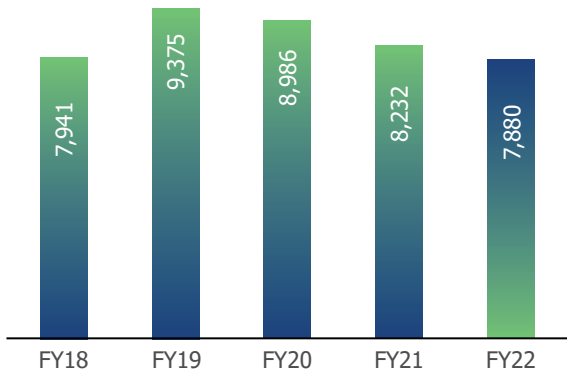
Key Ratios	2021-22	2020-21	2019-20	2018-19	2017-18
EBITDA (% to Revenue from Operations)	9.5%	11.0%	11.1%	11.2%	5.1%
Fixed Assets (No of times)	3.9	3.8	4.0	4.3	3.0
EBT [®] / Revenue from Operations	2%	3%	4%	5%	0%
Return on Capital Employed (%)	10.2%	10.6%	15.2%	16.1%	5.3%

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

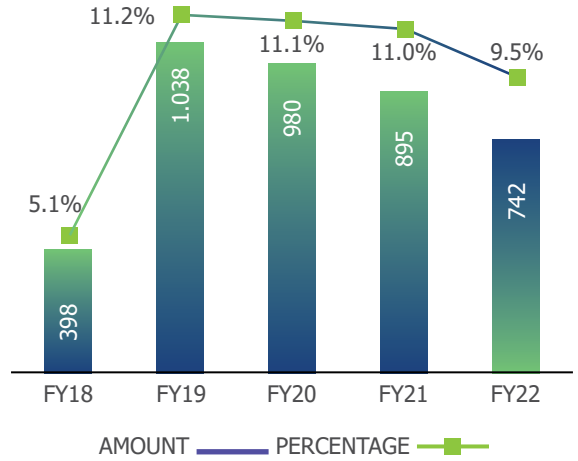
Includes Current Maturity of long term borrowings & Interest accrued but not due on borrowings

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

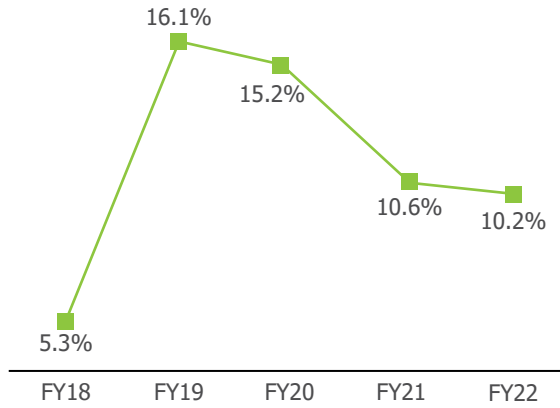
Total Income



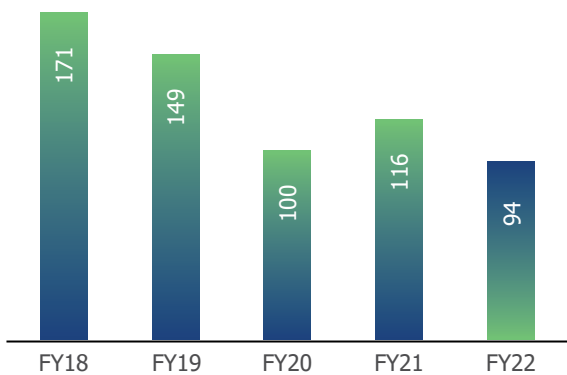
EBITDA & EBITDA Margin (%)



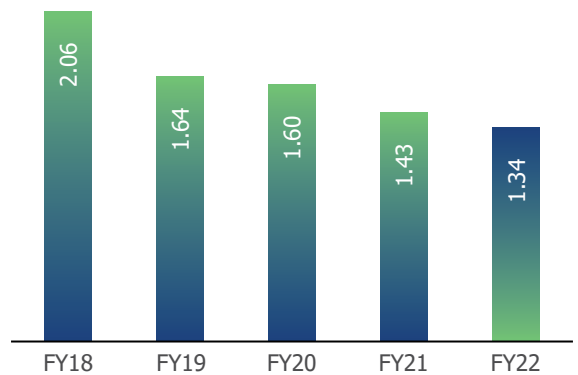
ROCE



Net Working Capital Days**



Debt to Equity



Letter to Shareholders

Dear Shareholders,

As we all know, the world around us, is going through changes of unprecedented complexity, scale and speed. While the Covid 19 pandemic continues to impact the economies, the intensity of supply chain challenges has increased. The geo-political tensions due to the Ukraine war and increasing inflation have further added to the troubles of the business world over. While all this turmoil has ramifications on our company, we are committed to address the customer requirements, demonstrate resilience, and respond positively to the future. At Centum, we continue to build capabilities, broaden our relationship with our customers and offer innovative solutions.

During the year 21-22, our consolidated Total Income was ₹ 7,880 M & EBITDA was ₹ 742 M (EBITDA margin 9.52%) Total income declined from ₹ 8,232 M in 20-21 to ₹ 7,880 M in 21-22 and Profit Before Tax (before exceptional item) decreased from ₹ 205 M to ₹ 127 M, mainly due to the pandemic and supply chain challenges. However, on the Balance sheet, we continued our focus on working capital management and maintained a tight control over the inventories and obtained customer advances wherever we had to secure the materials under the current challenging supply chain situation. We closely monitored and reduced the receivables. We also, reduced our debt at consolidated level from ₹ 3,184 M in 2020-21 to ₹ 2,726 M (reduction of ₹ 458 M) in 2021-22.

Your company had an exceptional expenditure of ₹ 604 M mainly due to diminution of the investment value in the associate company (the business that was discontinued and divested in the previous year).

The global Electronics System Design and Manufacturing (ESDM) sector continues to be impacted by the abovementioned factors. This is reflected in the significant increase in lead times in deliveries from simple electronic products to expensive automobiles. During the year, Centum was also affected adversely. Major sectors like Airlines, Defence, Space, and Transportation continued to witness significant slowdown not necessarily because of demand alone but due to supply chain issues also. The changing realities of business environment have led your company to play a balancing act between staying profitable and keeping the balance sheet healthy while devising strategies for emerging opportunities.

The global supply chain in the electronics industry continues to be under enormous pressure. With the continuing components shortages, manufacturers are scrambling to meet the growing customer demand. Demand for electronic products continues to outweigh supply, putting pressure on manufacturers. The market reports predict that the component shortage will continue into 2023. At Centum, we are mitigating this risk to a large extent by focussing on careful planning, close customer and supplier interactions and transform the supply chain to be more resilient, flexible, and efficient to reduce the adverse business impact due to the Supply chain challenges.

While the immediate challenges need to be attended in a focused manner, the outlook for the future remains very bright. Connectivity (IoT), Sustainability/Clean tech, Electrification and Security are the key themes that are driving demand for electronics and Software engineering design services across verticals. Furthermore demand for manufacturing in India is also increasing as labour costs rise in China and the geopolitical trade and security environment, has compelling many global companies to look at alternative manufacturing destinations and diversifying their supply chains. We at Centum are seeing the benefits of this trend in the form of new opportunities from existing and new customers.

The growth potential and strategic importance of electronics industry has been well acknowledged by Government of India in the National Policy for Electronics (NPE). Moreover, ESDM industry has been recognized as one of the 25 priority sectors in the Make in India initiative to contribute to economic growth.

To facilitate indigenization, Government of India released three "positive indigenization lists, stressing the need for self-reliance under Aatma Nirbhar Bharath. In the Defence sector, GOI has brought in significant focus on indigenization and procurement of Defence & Aerospace products from India and due to this policy, contracts which hitherto would have been Buy Global have been converted to Make in India, opening up significant opportunities for India Companies. With this major change, Centum has invested in sales and marketing in addressing the Tri-services directly and also exploring collaborations with Global OEMs for technology transfer to meet the new demand that has been made accessible by the "Positive indigenization lists". Also, the Government of India has unleashed Reforms in Space sector to promote private sector and enable the Indian Space program to remain competitive within the global space market.

I am excited with all these initiatives will bring significant opportunities to your company and Centum with its long history of Technology Development, New Product introductions and the credibility it has with its strong Customer base is very well positioned to see significant growth in the coming years.

I am very grateful to all our Customers for the business and unstinted support they give us and I would like to express my sincere appreciation to the employees for the commitment and grit they have shown especially during the difficult times of Covid and supply chain disruptions. I sincerely thank all the stakeholders for their continued trust and support and we will continue to grow our business by offering innovative products and solutions and exploring new avenues for future growth.

Yours sincerely

Warm regards,
Apparao V Mallavarapu



I am happy to inform you that our continued focus on Technology and New Product Development has earned Centum the SIDM CHAMPION AWARD (Society of Indian Defence Manufacturers) from Hon'ble Defence Minister, Shri. Rajnath Singh under large category for import substitution for an outstanding contribution made towards critical technology development in the area of Defence Systems in line with Make in India policy of Government of India.

Board of Directors



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

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. He has been recognized as “Electronics Man of the Year” and “Champion of Innovation” by a premier organization.

Mr. Nikhil Mallavarapu
Executive Director

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



Mr. Manoj Nagrath
Independent Director

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

Mr. Pranav Kumar N Patel
Independent Director

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





Mr. Rajiv C Mody

Independent Director

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

Dr. Swarnalatha Mallavarapu

Non-Executive Director

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



Mr. P. Thiruvengadam

Independent Director

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

Ms. Kavitha Dutt Chitturi

Independent Director

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



Leadership Team



APPARAO V MALLAVARAPU
Chairman & Managing Director, Centum Group



K S DESIKAN
Group CFO, Head of Strategy & IT



NIKHIL MALLAVARAPU
Executive Director, Centum Group



ERIC ROUCHOUZE
CEO, Centum Adetel Group



VINOD CHIPPALKATTI
President, Strategic Electronics Business Unit



JAGADISH SINGH
Vice President, Electronic Manufacturing Services (EMS)



NANDA KISHORE VEMPATI
Head HR



SANDHYA THYAGARAJAN
Vice President, Strategic Electronics Business Unit

Corporate Information

BOARD OF DIRECTORS

Mr. Apparao V Mallavarapu
Chairman & Managing Director

Mr. Nikhil Mallavarapu
Executive Director

Mr. Pranavkumar Nalinkumar Patel
Independent Director

Mr. Thiruvengadam Parthasarathi
Independent Director

Mr. Rajiv Chandrakant Mody
Independent Director

Mr. Manoj Nagrath
Independent Director

Dr. Swarnalatha Mallavarapu
Non-Executive Director

Ms. Kavitha Dutt Chitturi
Independent Director

CHIEF FINANCIAL OFFICER

Mr. K S Desikan

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Indu H S

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITOR

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

AUDIT COMMITTEE

Mr. Manoj Nagrath, Chairman
Mr. Apparao V Mallavarapu, Member
Mr. Pranavkumar Nalinkumar Patel, Member
Mr. Thiruvengadam Parthasarathi, Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Manoj Nagrath, Chairman
Mr. Rajiv Chandrakant Mody, Member
Mr. Apparao V Mallavarapu, Member
Ms. Kavitha Dutt Chitturi, Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Manoj Nagrath, Chairman
Dr. Swarnalatha Mallavarapu, Member
Mr. Nikhil Mallavarapu, Member

CSR COMMITTEE

Mr. Thiruvengadam Parthasarathi, Chairman
Dr. Swarnalatha Mallavarapu, Member
Ms. Kavitha Dutt Chitturi, Member

RISK MANAGEMENT COMMITTEE

Mr. Pranavkumar Nalinkumar Patel, Chairman
Mr. Thiruvengadam Parthasarathi, Member
Mr. Nikhil Mallavarapu, Member
Mr. K S Desikan, Member

REGISTERED & CORPORATE OFFICE

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

EQUITY SHARES LISTED AT

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

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

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

MANAGEMENT DISCUSSION & ANALYSIS

1. Global overview

The crisis of the geopolitical instability arising due to the Russia-Ukraine war, has impacted the global economy adversely while it was still on the mending path but not fully recovered from the COVID 19 impact. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term.¹ The unprecedented pressures on global supply chains, created by COVID 19 pandemic and the subsequent series of lockdowns and restrictions varied in their timing and severity from country to country and continue to impact the businesses.² Additionally, the energy prices and inflation are identified as major threats to the global economy. At the same time, overall sentiment about the economy remains largely positive, but it continues to trend downward.³

While the global economy (including India) is reeling under these external shocks, we believe that India's underlying fundamentals remain strong and the impact of the present turbulence and volatility on the long-term outlook will not be significant. The effect of growth-oriented policies (production linked incentives, Atma Nirbhar Bharath etc.,) and the increased infrastructure spending will start to produce benefits going forward and will have strong multiplier effects on jobs and income.

2. Company Overview

Centum Electronics Limited (Centum) is a leading Electronics System Design & Manufacturing (ESDM) Company providing mission critical services and solutions to customers engaged in the Defence, Aerospace, Space, Medical, Mobility and Industrial segments that demand high reliability products and services. With deep domain expertise in design, development and manufacturing of complex products, Centum is a strategic supplier and partner to large global OEMs (including Fortune 500 companies) and public entities such as Indian DPSUs, Ordnance Factories, DRDO and ISRO. Your Company has an established global footprint with multiple design & manufacturing locations in Europe, North America, and India. More than 70% of the Company revenue is generated from international customers and markets.

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

¹ War Sets Back the Global Recovery – IMF report Apr 22

² The big challenges for supply chains in 2022 – WEF

³ Economic conditions outlook, March 2022 – McKinsey Survey Mar 22

⁴ Electronics System - Invest India

⁵ World military expenditure passes \$2 trillion for first time – SIPRI 25th Apr 22

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

3. Industry Overview

Electronics industry is one of the largest global industries and form an integral part of several industries including Consumer Electronics, IT, Telecom, Medical, Strategic Electronics (Defence, Space, Aerospace), Industrial, & Mobility.

The global electronic devices market is estimated to be \$ 2.9 trillion in 2020. India's share in the global electronic systems manufacturing industry has grown from 1.3% in 2012 to 3.6% in 2019.⁴

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

- Government of India has announced specific policies under "Aatma Nirbhar Bharath" to promote manufacturing in India and make the nation "Self-Reliant"
 - o Production linked incentive scheme and scheme to incentivize capital investment,
 - o Disincentivizing imports with negative list for defence
- Many US companies are revisiting their supply chain due to the tariffs increase on import of electronic items from China resulting in US-China Trade war.
- The Covid-19 pandemic has accelerated industries world over to de-risk their manufacturing and supply chain footprint. It also has forced industries to ensure business continuity plans are put in place. This has resulted in many companies moving to a "China plus One" strategy with India being a strong contender.

a. Defence & Aerospace:

World military spending continued to grow in 2021, reaching an all-time high of \$2.1 trillion. This was the seventh consecutive year that spending increased.⁵ India's military spending of \$76.6 billion ranked third highest in the world. In a push to strengthen the indigenous arms industry, 64 percent of capital outlays in the military budget of 2021 were earmarked for acquisitions of domestically produced arms.

India's defence manufacturing sector is poised for a significant growth considering the increasing threats faced by India and thereby boosting demand for defence

equipment. Incentivised by various government reforms, India is quickly ramping up its manufacturing capacity. Pushing for 'Aatmanirbhar Bharat' (self-reliant India), the Ministry of Defence, has set a target of achieving a turnover of ₹ 1.75 lakh crore in aerospace and defence goods and services by 2024, including exports of ₹ 35,000 crore.⁶

Under the 'Make in India' scheme, Centre has notified three lists of projects — Make I (90% government funded, with vendor), Make II (prototype development of equipment/ system/ platform or their upgrades with no government funding), Make III (collaboration with foreign equipment manufacturer for production in India)

b. Space:

The Indian space sector has been globally recognised for building cost-effective satellites, launching lunar probes, and taking foreign satellites to space. The global space economy is estimated at ~US\$ 423 billion. Currently, India constitutes 2-3% of the global space economy and is expected to enhance its share to >10% by 2030 at a CAGR of 48%.⁷

The number of satellites and launches have steadily increased over the past 5 years in support of applications such as communications, defence, earth observation, and other scientific missions. The demand for more satellites continues to remain strong, ISRO's Human Space flight program and other scientific and earth observation missions, and Ministry of Defence's (MoD) objective to strengthen India's space warfare capabilities provide further impetus to the sector over the medium term. Government has undertaken major Space reforms for participation of private enterprises across all phases of Space activities to enable commercialization of Space technology and boost private investments in this sector. Though it may take some time, this will improve further opportunities in future.

Also, accelerating adoption of small satellites for their lower cost potential offers the growth opportunities. There is a growing demand for new applications in this segment.

c. Industrial:

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

To promote Make in India, GoI has devised a policy that

Government controlled Utilities shall buy only local with a minimum value addition in India. Companies which do not have a minimum value addition are not allowed to bid, forcing manufacturing to shift to India of the products, hitherto were imported.

d. Medical:

The Medical devices industry is a growing segment and has attracted more attention in the wake of the COVID-19 pandemic. The miniaturization of electronics devices and integration technologies is leading to development of new electronic medical devices for measurement of physiological variables for use in diagnostics, therapy and monitoring to improve the well-being of the population. Thus, the impact of electronics on health care is now a widely accepted fact.

Demand for remote monitoring and devices that enable telemedicine and predictive diagnostics is expected to remain robust; such areas continue to attract more investment. Regulation and a growing share of healthcare spend in emerging economies are also key focus themes in this segment in the near to medium term.

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

e. Mobility

The global market for Rail Transportation estimated at US\$ 427.3 billion in the year 2020, is projected to reach a revised size of US\$ 561.7 billion by 2026, growing at a CAGR of 4.7%.⁸

Personal as well as freight transportation needs of world population is growing in tandem with increase in business and commercial activity, while putting additional pressure on existing transportation networks including roadways, aerial, and sea routes, besides railways. In response, the mobility industry is coming up with lot innovations.⁹ 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.

4. Strategy & Business Outlook

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

⁶ What are the key defence projects under 'Make In India' scheme – [The Hindu](#) Apr 22

⁷ Major reforms transforming Indian space sector - [IBEF](#)

⁸ Global Rail Transportation Market to Reach \$561.7 Billion by 2026 - [prnewswire](#)

⁹ Why the automotive future is electric – [McKinsey](#)

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

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

a. Technologies & Solutions:

Centum's Technologies & Solutions business unit is engaged in providing cutting edge Engineering R&D services to help customers conceptualize, design and certify next generation products as well as customize and sustain existing products over their full lifecycle. Centum has been recognized as a trusted partner by its customers, which are large global OEMs, due to the deep domain knowledge built over 30 years and multidisciplinary competencies that include Electronic Hardware, Embedded Software, FPGA, Analog, RF/Microwave, and Power Electronics. The Company's design centers located in Europe, North America and India, enable the Company to work closely with international customers to solve complex problems while bringing together the best talent from around the world and providing a competitive solution. Centum also provides flexible engagement models depending on the specific project requirements and provides choice to the customers to choose between Consulting, Fixed Price Contracts or Build to Spec programs. This business unit also delivers complete Passenger Information Systems for rail market.

As the adoption of electronics and software continues to increase in various sectors driven by a multitude of new applications, the demand for our services remains strong. Whereas COVID impacted demand in FY21 and part of FY22 with delays in several projects, we began to see a recovery in H2 of FY22 and expect this to continue in the next fiscal year. Your company is focused on growing our relationships with our top global customers by addressing their needs in critical programs. For example, in FY22, Centum T&S was awarded a major BTS program for an avionics product for a European defence program. Centum T&S was also awarded a large contract to deliver a series of test systems for a major military aerospace platform. We began new engineering service projects for our key customers in areas such as space electronics and signalling for rail mobility market. Additionally, we are building our opportunity pipeline in the growing investment areas of clean tech, e-mobility as well as Medical devices.

Going forward, the focus in FY23 will be on execution while optimizing and growing delivery from our India design

centre. Managing talent effectively will be a key priority given the volatility in the global labor market.

b. Strategic Electronics:

The Strategic Electronics Division provides Built to Specification products which includes taking a project from conceptualization to mass production quickly and efficiently. Customers choose turn-key build to spec offering due to convenience of a single point of contact for Design/Engineering, Industrialization and Manufacturing which reduces the need for multiple interfaces at each stage of the project and also fastens the products time-to-market and facilitating a Design-To-Cost approach and reducing the Total Cost of Ownership.

Centum's unique positioning with a full range of integrated capabilities make it the ideal product realization partner. This engagement model involves higher IP and value creation opportunities for both the customer and for Centum. The Company is also able to improve the product Lifecycle management by proactively and effectively managing issues such as obsolescence, performance upgrades, market-specific localization and cost reduction.

As explained earlier, the potential in the Defence business is huge and your company has a strong focus on the Defence opportunities. Your company has been working with Defence Public Sector Units (DPSU), Ordnance Factory Boards (OFB) and DRDOs. Thanks to the initiative of Make in India by GoI, your company will be addressing opportunities for electronics for Tri services of Tri Services under Make II category which has significant potential to grow.

Centum has already established itself as a key player in the Indian Defence & Space industry and designs, develops and manufactures critical sub-systems and systems in Missiles, Satellites, Electronic Warfare, Optronics, Radar, Communications among others. Consequent to the Space Reforms, lot of new opportunities are opening for the private enterprises including the start-ups. Centum is pursuing these opportunities as well. However, it may take some more time for these opportunities to be realized.

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. Defence Space Agency established by Indian armed forces, presents opportunities for your Company which has 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 on indigenization opportunities to supply various electronics products in this domain of land systems.

c. Electronic Manufacturing Services: (EMS)

The Company's EMS Business Unit provides manufacturing solutions in high technology segments with high complexity products focused on high reliability areas. The Company helps its customers realize challenging products by having customer-focused teams that leverage the streamlined processes and systems and adapt them to the specific requirements of the customer and product where necessary. By providing scalable manufacturing solutions and a flexible, proactive approach to managing the supply chain and lifecycle related challenges, Centum helps customers to achieve their goals of lower Total Cost of Ownership and reduced time-to-market among others.

Centum offers a wide range of manufacturing solutions from full system integration, Line Replaceable Units (LRU) to Complex Finished products.

Centum's EMS division is well recognized as a leading supplier of high complexity products for international companies. Having established a strong track record of execution, your Company has been integrated into the global supply chain of large OEMs as a strategic supplier.

The strategy is to focus on Medium volume business. We are also focusing on Digitalization and Automation which will help to improve operational efficiencies and productivity.

As mentioned in earlier annual report, due to US-China trade war and Covid-19, we saw an increasing number of opportunities from US and Europe for our EMS business. These opportunities are being realized in the form of new customers with medium to high volume products, in the areas of hydrogen fuel cells, electric mobility and industrial tools. We are in the process of completing the New Product Introductions (NPI) for these customers and expect to ramp up the volumes in the coming year.

We are a single source for 80% of the products manufacture and we saw reduction in demand from our customers in the last year due to Covid. As stated in the previous annual report, the demand for these products has picked up in the second half of FY21-22 and is improving further

The supply chain challenges due to shortage of semi-conductor components still continue to impact companies across the world. The shortage of components and increase in lead time are expected to continue for FY22-23 also. However, we are working with our customers and suppliers to minimise the impact as much as possible.

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

5. Risk Factors

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

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

The severe shortage of electronic components and the increased lead times of procurement have adversely impacted the timely deliveries to the customers. The supply chain challenges are expected to continue well into 2023.

The new Space Policy announced by Government of India is still under transition. It may present further opportunities in the future, but the lack of clarity on the near-term, poses some inherent risks.

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

Some of the projects that are awarded as Build To Print (BTP), involve additional work since the designs may not be complete in all respects and your company needs to spend additional efforts to complete the design. Due to this reason, margins will be lower than expected and also results in time delays.

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, due to the complex nature, some of the products may involve additional costs and time during the product development period

In some cases of Built To Spec (BTS) projects, the customers (especially in D&A segment) expect to receive the ownership of design which is not paid by them. Additionally, the customer may also 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 customer provides forecast of demand, materials are procured based on the forecast. If the forecast is not converted to customer purchase orders, we can get into excess and obsolete material issues. Although we have agreements and checks & balances with the customers on these issues, sometimes there is a possibility of these issues becoming contentious.

The increased demand for skilled manpower poses the risk of talent to your Company.

However, the Company has constituted a Risk Management Committee (as a subcommittee of the Board) to enhance the Risk Management capabilities with high focus and mitigate the risks mentioned above.

6. Human Resources

Your Company is committed to hire, manage, develop, and retain the most talented and experienced employees. Your company has some of the best talent coming from various domains. Lot of emphasis is placed on ensuring a rewarding experience to the employees in your Company. Special attention is given for training and upgrading of peoples' skills, providing excellent working conditions, benchmark with other large companies while rewarding the employees. As on March 31, 2022, the employee strength of the Company at the group level was 1660.

The company has also instituted a stock option plan for very select employees of company to drive growth, profitability and retention.

The Kaizen, 5S and Lean Six Sigma initiatives undertaken and institutionalized by the company, have 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. Additionally, the company has also appointed an in-house internal auditor to check the controls and strengthen the systems and processes.

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 ₹ 458 million from ₹ 3,184 million as on March 31, 2021 to ₹ 2,726 million as on March 31, 2022.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2021-22 is ₹ 188 million.

iv. Working Capital

Inventories has increased by ₹ 306 million from ₹ 1,942 million as on March 31, 2021 to ₹ 2,248 million as on March 31, 2022.

Receivables have decreased by ₹ 168 million from ₹ 2,161 million as on March 31, 2021 to ₹ 1,993 million as on March 31, 2022.

Current liabilities have increased by ₹ 168 million from ₹ 5,701 million as on March 31, 2021 to ₹ 5,869 million as on March 31, 2022.

v. Cash flows

Particulars	₹ in Million
Operating activities	1,035
Financing activities	(812)
Investing activities	(149)

vi. Results of Operations

The business operations for 2021-22 resulted in the Company, achieving sales of ₹ 7,880 million as against ₹ 8,232 million for 2020-21.

The Profit/(Loss) before tax before Exceptional items for the year 2021-22 is ₹ 82 million as against ₹ 194 for the year 2020-21.

vii. Key financial parameters

Particulars	FY 22	FY 21
Debt /Equity ¹	1.34	1.43
Debtors Turnover Ratio(Days) ²	97	104
Inventory Turnover Ratio(Days) ³	253	227
Current Ratio ⁴	1.02	1.09
Interest Coverage Ratio without exceptional items ⁵	1.48	1.69
Operating Profit Margin ⁶	5%	6%
PAT Margin ⁷	-7%	1%

¹ Long term borrowing+short term borrowing/ Total Shareholder's equity.

² Average receivables/ revenue from operations x 365 days

³ Average inventory/ cost of goods sold x 365 days

⁴ Current assets/ current liabilities

⁵ EBIT/Finance Cost

⁶ Operating profit/ total income

⁷ PAT/ total income

Reason for variation (>25%):

* Decrease is on account of exceptional items.

B. Standalone

i. Share capital

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

ii. Borrowings

The Loans have decreased by ₹ 418 million from ₹ 1397 million as on March 31, 2021 to ₹ 979 million as on March 31, 2022.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2021-22 is ₹ 96 million.

iv. Working Capital

Inventories has increased by ₹ 241 million from ₹ 1,745 million as on March 31, 2021 to ₹ 1,987 million as on March 31, 2022.

Receivables has decreased by ₹ 105 million from ₹ 996 million as on March 31, 2021 to ₹ 891 million as on March 31, 2021.

Current liabilities has increased by ₹ 150 million from ₹ 2,580 million as on March 31, 2021 to ₹ 2,730 million as on March 31, 2022.

v. Cash flows

Particulars	₹ in Million
Operating activities	680
Financing activities	(577)
Investing activities	(58)

vi. Results of Operations

The business operations for 2021-22 resulted in the Company, achieving sales of ₹ 3,538 million as against ₹ 4,284 million for 2020-21.

The Profit /(Loss) before exceptional item and before tax for the year 2021-22 is ₹ 172 million as against ₹ 331 million for the year 2020-21.

vii. Key financial parameters

Particulars	FY 22	FY 21
Debt /Equity ^{1*}	0.37	0.55
Debtors Turnover Ratio(Days) ²	99	116
Inventory Turnover Ratio(Days) ³	335	285
Current Ratio ⁴	1.22	1.25
Interest Coverage Ratio without exceptional items ⁵	2.18	2.91
Operating Profit Margin ^{6**}	9%	12%
PAT Margin ^{7**}	3%	6%

¹ (Long term borrowing + short term borrowing)/ Total Equity.

² Average receivables/ revenue from operations x 365 days

³ Average inventory/ cost of goods sold x 365 days

⁴ Current assets/ current liabilities

⁵ EBIT/Finance cost

⁶ Operating profit/total income

⁷ PAT/total income

Reason for variation (>25):

* Debt equity improved mainly due to reduction in borrowing.

** Decrease is on account of reduction in profit due to decline in revenue from operation.

BOARD'S REPORT

Dear Members,

We have pleasure in presenting the Twenty Ninth Annual Report on the Business and Operations of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2022.

1. Financial Highlights:

A summary of the Standalone and Consolidated Financial Performance of your Company, for the financial year ended March 31, 2022, is as under:

(₹ in Millions)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Total Income	7,880	8,232	3,538	4,284
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)*	742	895	425	625
Depreciation	432	453	165	158
Interest	263	295	146	174
Profit Before Tax**	127	205	172	331
Profit After Tax***	(535)	120	118	240

* Excludes other income and finance income and exceptional item

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

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

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

2. Performance:

During the current year of operations, your Company has registered a consolidated total income of ₹ 7,880 million compared to previous financial year total income of ₹ 8,232 million. Your Company has earned a Profit Before Tax of ₹ 127 million. However, due to the exceptional expenditure of ₹ 603.54 million, arising mainly due to diminution of investment in our associate company (HOLIWATT), (as explained in note no. 38 of the consolidated financial statement) incurred Loss of ₹ 535 million.

At standalone level, total income was ₹ 3,538 million compared to previous financial year total income of ₹ 4,284 million. Further, your Company has earned a net profit after tax of ₹ 118 million.

3. Subsidiaries:

a. Centum Electronics UK Limited

During the year, Centum Electronics UK Limited, a wholly owned subsidiary company, has registered total income of ₹ 2 million and incurred a net loss of ₹ 0.10 million.

b. Centum Adeneo India Private Limited

During the year, Centum Adeneo India Private Limited, a wholly owned subsidiary company, has

registered revenue of ₹ 192 million and earned a net profit after tax of ₹ 4 million for the year.

c. Centum Adetel Group S.A.

During the year, Centum Adetel Group S.A. the subsidiary company has registered total income of ₹ 4,588 million and incurred a net loss of ₹ 573 million.

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

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

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

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

4. Consolidated Financial Statements:

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

The Financial Statements of the 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:

Your Directors are pleased to recommend a Dividend of ₹ 2.50 per equity share (25%) having face value of ₹ 10 per equity share for the financial year ended March 31, 2022. The final dividend recommended is subject to approval of the Shareholders in the ensuing Annual General Meeting of the Company.

The total dividend payout will be ₹ 32.21 million for the financial year 2021-22.

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

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

7. Change in nature of Business, if any:

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

8. Reserves & Surplus:

The Board of Directors have decided to retain the entire amount of profit under Retained Earnings. Accordingly, your Company has not transferred any amount to General Reserves for the year ended March 31, 2022.

9. Share Capital:

During the year, there was no change in the share capital of the Company. As on March 31, 2022 the Authorised Share Capital of the Company was ₹ 15,50,00,000/- divided into 1,55,00,000 equity shares of ₹ 10/- each and paid – up equity share capital of the Company is ₹ 12,88,47,810 divided into ₹ 1,28,84,781 equity shares of ₹ 10/- each.

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

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

11. Depository System:

Your Company's equity shares are tradable only in electronic form. As on March 31, 2022, 99.23% of the Company's total paid up equity share capital representing 1,27,86,207 shares are in dematerialised form.

12. Transfer to Investor Education and Protection Fund:

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

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

During the year, the Company transferred ₹ 3,71,023/- to IEPF, the amount in unpaid Final Dividend Account opened in 2013-14 and the amount in unpaid Interim Dividend Account opened in 2014-15 which was due & payable and remained unclaimed & unpaid for a period of seven years as provided under Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016. The Company, pursuant to the circulars issued by the Ministry of Corporate Affairs under the aforesaid rules mandated the transfer of shares on which dividend has not been paid or claimed by the Shareholders for seven consecutive years or more to the demat account of the IEPF Authority. The Company has accordingly transferred 6,137 shares to the demat account of the IEPF Authority.

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

13. Internal Control Systems and their adequacy:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its

operations. The Company has appointed M/s. KPMG, Chartered Accountants, as its Internal Auditor. The Audit Committee defines the scope and areas of Internal Audit. The Internal Auditor audits the areas recommended by the Committee every year.

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

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

14. Directors and Key Managerial Personnel:

The Board of Directors of the Company as on March 31, 2022 comprises of 8 Directors out of which 2 are Executive Directors, 1 Non-Executive Director and 5 are Non-Executive Independent Directors. The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an appropriate combination of Executive, Non-Executive and Independent Directors. During the year under review Mr. S Krishnan ceased to be a Director with effect from August 14, 2021 and Mr. Nagaraj K V resigned from the office of Whole time Company Secretary with effect from March 10, 2022.

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 Ninth Annual General Meeting and being eligible, has offered herself for re-appointment till the next Annual General Meeting. Your Directors have recommended the re-appointment of Dr. Swarnalatha Mallavarapu for approval of the shareholders, in the ensuing Annual General Meeting of your Company.

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

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

a. Board Meetings:

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 and the relaxations granted by the Ministry of Corporate Affairs.

b. Declaration by Independent Directors:

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

Status on Independent Directors' proficiency test

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

c. Remuneration Policy:

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

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

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

Further, Independent Directors have reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at their separate meeting held on 24 January 2022.

e. Committees of the Board:

Details with respect to the Audit Committee, the Nomination and Remuneration Committee,

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

15. Directors' Responsibility Statement:

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

- i. that in the preparation of annual accounts for the year ended March 31, 2022, 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, 2022 and of the profit of the Company for year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual financial statements have been prepared on a going concern basis;
- v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;
- vi. that systems to ensure compliance with the provisions of all applicable laws were in place, were adequate and operating effectively.

Further the Board of Directors confirm that the Company has complied with the Secretarial Standards on the Board and General Meetings issued by the Institute of Company Secretaries of India, as applicable to the Company, during the financial year ended March 31, 2022.

16. Particulars of Loans, Guarantees or Investments:

The particulars of loans given, investments made, securities provided and guarantees given as required under Section 186 of the Companies Act, 2013 are provided in note 5, 6 and 44(c)(i) forming part of the standalone financial statements.

17. Contracts and Arrangements with Related Parties:

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

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

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

Your Directors draw attention of the members to Note no. 41 to standalone financial statement which sets out the related party disclosures.

18. 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 2021-22 does not contain any qualification on the financial statements of the Company.

The details of remuneration of the Statutory Auditors with break-up of fee paid as required by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year 2021-2022 is given as part of the Corporate Governance Report.

The Board, based on the recommendation of the Audit Committee, has approved their re-appointment as the Statutory Auditors of the Company, for a second term of five consecutive years, from the conclusion of 29th AGM scheduled to be held in the year 2022 till the conclusion of the 34th AGM to be held in the year 2027, for approval of the shareholders of the Company at the ensuing AGM. M/s. S.R Batliboi & Associates LLP have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and other applicable guidelines and regulations.

b. Secretarial Audit

In terms of Section 204(1) of the Companies Act, 2013, the Board had appointed Ms. Aarthi G Krishna, Practising Company Secretary (CP No.5645), to conduct Secretarial Audit for the financial year 2021-22. The Secretarial Audit Report for the financial year ended March 31, 2022 is enclosed as "Annexure-2" to this Report.

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

c. Cost Auditors

As required under Section 148 of the Companies Act, 2013 the Board of Directors of the Company has appointed M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296) as Cost Auditors of the Company for the financial year 2022-23 at a fee of ₹ 1,00,000/- plus applicable taxes and out of pocket expenses. The ratification of remuneration payable to Cost Auditors is placed as an agenda item for approval of shareholders at the ensuing annual general meeting.

19. Corporate Governance:

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

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

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

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

21. Corporate Social Responsibility:

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

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

22. Details of establishment of Vigil Mechanism:

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

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

23. Particulars of Employees:

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

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

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

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

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

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

The Company has not received any complaint of sexual harassment during the financial year 2021-22.

25. Annual Return:

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

26. Management Discussion and Analysis Report:

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

27. Business Responsibility Report:

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

28. Employee Stock Option Plan:

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

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

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

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

29. Awards and Recognitions:

The Company is proud recipient of SIDM Champion Award (Society of Indian Defence Manufacturers) from Hon'ble Defence Minister, Shri Rajnath Singh under Large Category for Import Substitution for an outstanding contribution made towards critical technology development in the area

of Defence Systems in line with Make in India policy of Government of India.

30. General:

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

- a. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- b. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this report.
- d. There is no remuneration received by the Managing Director from the subsidiary company.
- e. No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status and the Company's operations in future.
- f. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- g. The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.
- h. Details in respect of frauds reported by Auditors under sub-section (12) of Section 143 other than those which are reportable to the Central Government.

31. Acknowledgements:

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

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

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

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

Nikhil Mallavarapu
Director

Place: Bengaluru
Date: May 24, 2022

Apparao V Mallavarapu
Chairman & Managing Director

Form AOC - 1

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

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

Part "A": Subsidiaries

(in ₹ million)

Sl. No.	Name of the subsidiary	Currency	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 Limited	INR	1	(1)	211	211	-	192	2	(2)	4	-	100%
2	Centum Electronics UK Limited	EUR	611	46	932	274	-	2	(0)	-	(0)	-	100%
3	Centum Adetel Group SA	EUR	407	661	2,937	1,933	64	391	(228)	-	(228)	-	64.66%
4	Centum Adetel Synergies SARL**	EUR	-	-	-	-	-	-	-	-	-	-	-
5	Centum Adeneo SAS	EUR	47	651	3,535	2,837	-	3,760	51	-	51	-	held by CAG 100%
6	Centum Adeneo CRD SAS	EUR	0	(62)	186	247	-	474	(6)	-	(6)	-	held by CAG 100%
7	Centum Adetel Transportation System SAS	EUR	753	(423)	808	479	-	61	(410)	-	(410)	-	held by CAG 100%
8	9308-4929 Québec Inc (Centum Adetel Solution Canada)	CAD	5	52	530	472	-	421	(1)	-	(1)	-	held by CATS 100%
9	9301-3936 Québec Inc (Centum Adetel Equipment Canada)	CAD	3	(29)	456	482	-	954	18	-	18	-	held by CATS 100%
10	Centum Adeneo Belgium	EUR	1	14	64	49	-	137	12	-	12	-	held by CAG 100%

Part "B": Associates

(in ₹ million)

Sl. No.	Name of the associate	Currency	Shares of Associate Company on the year end	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year	OCI for the year	
1	Ausar Energy SAS	EUR	Number in million 1	Amount of Investment in associates -	Extent of holding % held by CAG 30.45%	(17)	(46)

*Profit before tax includes exceptional item amounting to ₹ (585) million. Also refer note 51 of consolidated financial statements.

** Centum Adetel Synergies SARL has been merged with Centum Adeneo SAS w.e.f; April 01, 2021

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To

The Members,

Centum Electronics Limited

Bengaluru

CIN L85110KA1993PLC013869

Authorised Capital Rs. 15.50 Crores

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

Based on my verification of the **Centum Electronics Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Centum Electronics Limited** ("the Company") for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;²
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2021
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;²
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;² and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;²
- (vi) Other Laws as applicable to Electronic System Design and Manufacturing (ESDM) Company viz:-
 1. EXIM Policy of India relating to Export Oriented Unit (EOU)
 2. Semiconductor Integrated Circuits Layout Design Act, 2000
 3. Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act, 1981; e-waste & hazardous waste (Management and Handling Rules).
 4. Micro Small and Medium Enterprises Development Act, 2006

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

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

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

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

I Further Report That

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

Place : Bengaluru
Date : May 24, 2022
UDIN: F005706D000395183

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

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

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

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

- (i) Re-appointed Mr. P Thiruvengadam as Independent Director for a second term with effect from 8th February, 2021, with approval of the shareholders at the Annual General Meeting.
- (ii) Introduced a new Plan titled 'Centum Electronics Limited-Restricted Stock Units Plan, 2021' with the approval of the shareholders through Postal Ballot process, for grant of 1,75,000 RSU that are convertible into 1 equity share of Rs. 10 each, to the eligible employees of the Company and its Subsidiaries.

AARTHI GOPALAKRISHNA

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

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

² There were no actions necessitating compliance under these Regulations

To,
The Members,

Centum Electronics Limited

Bengaluru

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

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

Place : Bengaluru
Date : 24th May, 2022

AARTHI GOPALAKRISHNA
FCS# 5706 CP# 5645

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

1. CONSERVATION OF ENERGY:

The Company continues to provide high priority towards energy conservation. The Company's 'Energy Saving Team' is committed to minimizing 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 has undertaken during the period under report in the area of Energy Conservation are:

- Conversion of Fluorescent lamps to LED in Design, Thermovac Lab & First-floor operations area to reduce the power consumption.
- Operating the plant with 85% Renewable energy (Solar & Wind) power through open access policy to reduce carbon footage.
- Implementation of online energy monitoring system to analyze and provide control action plans to reduce power consumption.
- Implemented a Raw edge belt drive system in place of a wrapped belt drive for better efficiency and to reduce energy consumption.
- Installed Auto RH controller system to control ON/OFF of Heater banks and AHU chilled water flows to AHU-based room RH and temperature where BMS is not implemented.
- Implemented Utility Critical equipment monitoring system in the Utility department to the equipment operating status to take quick action on equipment operating in non-production/Office hours.
- Implementation of DG's to operate the required capacity as per the load demand, to reduce fuel consumption and carbon footage.
- Maintaining a cooling tower circulating water below 5 COC (Cyclic of concentration) to improve the efficiency of heat exchange.
- Regularly monitored the top 5 power guzzlers like HVAC system, Process Chillers, air compressors, etc. to fix the limits to control the consumption & cost.
- Regular maintenance of HVAC & Air Compressor systems for maximum efficiency.
- Consumption monitoring and control of Nitrogen gas for better control of usage.
- Switching off power & gases to machines that are not in the production plan on daily basis to reduce idle power consumption.
- Regular leakage monitoring in gas and air pipelines and arresting leakages, if any to conserve resources.
- Power factor improvement is achieved to 0.99 by replacing inefficient capacitors with new capacitors.
- Consumption monitoring and control is done for Nitrogen gas on daily basis by implementing auto control valve in reflow ovens.
- Air pressure optimization is done based on production machine requirement to reduce power consumption in compressor.
- Thermography study conducted for all electrical panels and corrective action taken as a part of predictive maintenance.
- Office area AHUs are operated with automated timer on working days to control power consumption.
- Installation of timers for Production area air handling units and exhausts to operate as per schedule.
- HVAC system is controlled through BMS automation to run efficiently and optimum as per production process requirement.
- Descaling of Condenser pipelines done at regular frequency to improve the performance of Chillers.
- Installation of VFD for Cooling tower fans with temperature feedback automation is implemented to reduce Power consumption.
- Installed RO system for HVAC to reduce the scaling of chiller condenser tubes for efficient operation
- Installed VFD for Process chiller pumps to control the power consumption.
- Converted Wrapped V belt drives to Raw edge belt drive to increase the efficiency of AHU's.

2. TECHNOLOGY AND RESEARCH & DEVELOPMENT:

Technology Development:

- Indigenization for tank electronics
- Development of 40W Hybridized Triple output DC-DC Converter
- Design and implementation of Heat pipe for Electronic components, sub-assembly, or assembly cooling.

New Processes Developed:

- The Process & NPI Team of the Company is constantly working in 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.
- Assembly of 1752 CCGA device and Qualification for Space use
- Qualification of New Automated SMT Line for Space use
- LTCC Substrate & Alumina Substrate attachment to CuMo carrier plate using Au: Sn Solder preform
- Installation and Qualification of new Parallel Gap welder Equipment for bonding Gold Ribbons on Gold metallized pattern
- Alumina Substrate Attachment on Gold plated Aluminum package using Conductive epoxy for RF applications
- Assembly and Qualification of Laser (Hermetic) Sealing Process for Sealing LTCC Assembly (for RF applications)
- Multiple new process development and qualification for 32-watt HMC
- Delidding and Resealing (Laser Sealing) of Aluminum Package for RF applications
- High power MMIC (PA) attachment using low contact resistance epoxy.
- SAW Filter Assembly--Product Qualification for Space use
- Assembly and Qualification of 5mmX5mm SAW Devices for Space use
- New wire / Ribbon Bonder Equipment for use in THICK FILM HMCs

Research & Development (R&D) and benefits derived thereon:**(i) Specific areas in which R&D carried out by the Company**

- Development of Hybridized Single output and Dual output DC-DC Converter
- Development of different types Hybridized DC-DC Converter.
- Development of G11-2-A IDRSS EPC for space application
- Design and Development of GaN Based X-Band Plank Unit (32 Channel)
- Design and Development of SWIR and VNIR Power Supply Unit

- Design and Implementation of Microcontroller based space grade Cooler Electronics System.
- Design and Development of FPGA based signal processing electronics
- Design and Development of proximity electronics
- Design and Development of BMC for Defense radio electronics
- Design and Development of sensor electronics

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

- Published 14 papers including 1 paper in Journal,
- 5 Patents Published, 3 Patents Applied.

(iii) Future Plan of Action

- Design of MR SAM-MF STAR HV Power Supply (IAI-ELTA)
- Design and Development of Gyro stabilizer
- TRG
- 72W DC-DC Converter for Industrial Application
- Power Unit (Electroblock) Unit for Tank Electronics
- TTD Based X-Band Plank Unit (16 Channel)
- Bus Management Unit
- Triaxial MEMS accelerometer unit
- Unified Launcher seven types of cards
- Two types of Hybrid indigenization
- C-Band PLDRO.
- Heat pipe technology- flexible heat pipes, micro heat pipe
- Medium scale Liquid Cold Plate (600W)
- Orchid Power Supply for Astra Missile
- MQSHR

(iv) Expenditure on R & D

₹ in Millions

For the year ended	2021-22	2020-21
March 31		
A. Capital	3.05	17.37
B. Recurring	87.20	69.17
C. Total	90.24	86.54
Total R&D expenditure as a % of total turnover	2.55%	2.02%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings was INR 1,696.66 Million and Outgo was INR 1,750.70 Million for the year ended March 31, 2022.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows:

Name	Designation	Position	No. of meetings held during the FY 21-22	No. of meetings attended during the FY 21-22
Mr.Thiruvengadam P	Independent Director	Chairman	1	1
Mr.S Krishnan*	Independent Director	Member	1	1
Ms.Kavitha Dutt*	Independent Director	Member	NA	NA
Dr.Swarnalatha Mallavarapu	Non – Executive Director	Member	1	1

*Ms.Kavitha Dutt was co-opted as CSR Committee Member in place of Mr.S Krishnan at the Meeting of the Board held on June 15, 2021.

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

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

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

Not Applicable

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

Sr No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2018-19	-	-
2	2019-20	-	-
3	2020-21	1,14,408	-
	Total	1,14,408	-

6. Average net profits of the Company as per Section 135(5): ₹ 33,94,09,062/-

7. a. 2% of the average Net Profit of the Company as per section 135(5): ₹ 67,88,181/-
- b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- c. Amount required to be set off for the financial year: Nil
- d. Total CSR obligation for the financial year (a+b-c) = ₹ 67,88,181/-

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

Total Amount Spent for the Financial Year. (in ₹)	Amount unspent (in ₹)	
	Total Amount transferred to Unspent CSR account as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)
₹ 68,08,400	Nil	Nil

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

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

(Amount in ₹)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/ No)	Details of Implementation Agency
				State	District			
1.	Promoting Education - Blind School	Education	Yes	Karnataka	Bangalore	7,80,000	No	Mathru Educational Trust - CSR00015120
2.	Health Care Programme for the weaker section & children	Health care	Yes	Karnataka	Bangalore	47,00,000	No	Narayana Hrudayalaya Charitable Trust - CSR00004596
3.	Medical facilities for the underprivileged	Healthcare	Yes	Karnataka	Bangalore	50,000	No	Aster DM Foundation - CSR00008601
4.	Promoting Health Care - Purchase of Equipment	Health care	No	Telangana	Hyderabad	4,78,400	No	Hyderabad Eye Institute - CSR00001698
5.	Meal Distribution	Eradicating Hunger	Yes	Karnataka	Bangalore	8,00,000	No	The Akshaya Patra Foundation - CSR00000286
Total						68,08,400		

d. Amount spent in Administrative Overheads: Nil

e. Amount spent in Impact Assessment: Not Applicable

f. Total amount spent for the Financial Year: ₹ 68,08,400 /-

g. Excess amount for set off:

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	67,88,181
(ii)	Total amount spent for the Financial Year	68,08,400
(iii)	Excess amount spent for the financial year [(ii)-(i)]	20,219
(iv)	Surplus arising out of CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	20,219

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

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

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

Not Applicable

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

Not Applicable.

Place: Bengaluru
Date: May 24, 2022Apparao V Mallavarapu
Chairman & Managing DirectorThiruvengadam P
Chairman of CSR Committee

Details Pertaining to Remuneration as Required Under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2021-22	Ratio of remuneration of each Director/to median remuneration of employees
1	Apparao V Mallavarapu Chairman & Managing Director	-45%	16.38
2	Nikhil Mallavarapu Executive Director	-36%	19.03
3	S. Krishnan* Non-Executive Independent Director	-64%	0.51
4	Manoj Nagrath Non-Executive Independent Director	-4%	1.35
5	Rajiv C Mody Non-Executive Independent Director	-11%	1.08
6	Pranav Kumar N Patel Non-Executive Independent Director	-4%	1.35
7	Swarnalatha Mallavarapu Non-Executive Director	-	1.13
8	Thiruvengadam P Non-Executive Independent Director	-4%	1.35
9	Kavitha Dutt Non-Executive Independent Director	-6%	1.13
10	K. S. Desikan Chief Financial Officer	5%	Not applicable
11	Nagaraj K V** Company Secretary	6%	Not applicable

- (i) *Mr.S Krishnan tendered his resignation and has ceased to be Director of the Company w.e.f August 14, 2021.
**Mr.Nagaraj K V tendered his resignation and ceased to be Company Secretary w.e.f March 10, 2022.
- (ii) During the financial year, there was an increase of 19.86% in the median remuneration of employees.
- (iii) On a Standalone basis, there were 1172 permanent employees on the rolls of Company as on March 31, 2022.
- (iv) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e., 2021-22 was 11.60% and decrease in the remuneration of managerial personnel for the same financial year was 30.07%
- (v) Affirmation that the remuneration is as per the Remuneration Policy of the Company.
- It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company

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

To the Members,

I, Apparao V Mallavarapu, Managing Director of Centum Electronics Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31 March, 2022.

Place : Bangalore
Date : May 24, 2022

Apparao V Mallavarapu
Chairman & Managing 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, 2022, the Board of Directors of the Company comprises of 8 Directors out of which 5 are Independent Non-Executive Directors. The composition of Board is in due compliance of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. These Independent Directors have the necessary experience and expertise. Necessary disclosures have been obtained from all the Directors regarding their Directorship and have been taken on record by the Board at its meeting held on May 24, 2022.

The composition of the Board of Directors as at March 31, 2022 is as follows:

Name of the Director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships		Number of other Committees Membership/ Chairmanship		Name of other Listed entities & category of Directorships*
				Chairmanship	Membership	Chairmanship	Membership	
Mr. Apparao V Mallavarapu	Promoter - Executive and Non-Independent	Chairman & Managing Director	66,04,715 51.26	-	2	-	-	-
Mr. Nikhil Mallavarapu	Promoter - Executive and Non-Independent	Whole Time Director	5,89,929 4.58	-	-	-	-	-
Mr. Manoj Nagrath	Non-Executive and Independent	Director	-	-	1	-	-	-
Mr. Rajiv C Mody	Non-Executive and Independent	Director	-	1	1	-	1	1. Sasken Technologies Limited – CMD
Mr. Pranav Kumar N Patel	Non-Executive and Independent	Director	-	-	-	-	-	-
Dr. Swarnalatha Mallavarapu	Promoter - Non-Executive and Non-Independent	Director	3,69,150 2.87	-	1	-	-	-
Mr. Thiruvengadam P	Non-Executive and Independent	Director	-	-	7	-	3	1. Fine Organic Industries Limited – ID 2. Western India Plywoods Limited – NED

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

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

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

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

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

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

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

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

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

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 2021-22 are as follows:

Sl. No.	Day & Date
1	Tuesday, June 15, 2021
2	Saturday, August 14, 2021
3	Wednesday, November 10, 2021
4	Monday, February 14, 2022

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

Name of the Director	Number of meetings attended	Attendance at the last AGM
Mr. Apparao V Mallavarapu	4	Yes
Mr. Nikhil Mallavarapu	4	Yes
Mr. S. Krishnan*	2	Yes
Mr. Manoj Nagrath	4	Yes
Mr. Rajiv C Mody	3	Yes
Mr. Pranav Kumar N Patel	4	Yes
Dr. Swarnalatha Mallavarapu	4	Yes
Mr. Thiruvengadam P	4	Yes
Ms. Kavitha Dutt	4	Yes

* Mr. S Krishnan, erstwhile Independent Director, ceased to be a Director with effect from August 14, 2021.

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 2021-22. 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 give a declaration that they meet the criteria of independence as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The Independent Directors fulfill the conditions specified

in these regulations and are independent of the management.

d) Familiarisation Programmes for Board members:

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

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

The details of Familiarisation Programmes imparted to the Independent Directors is disclosed on its website <https://www.centumelectronics.com/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 2021-22 the Meeting of the Independent Directors was held on January 24, 2022 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.

f) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such Director that there are no other material reasons other than those provided.

Mr. S Krishnan who was appointed as an Independent Director for the second term of five years with effect

from April 1, 2019, tendered his resignation from the Directorship of the Company with effect from August 14, 2022, due to advancing age. The Director has confirmed that there are no material reasons for his resignation. The Company has intimated the same with the Stock Exchanges.

3) Board Committees

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

a) Audit Committee:

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

Financial Reporting and Related Processes

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

- Review the investments made by the Company.

Internal Controls and Governance Processes

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

Audit

- Review the scope of the Statutory Auditors, the Annual Audit Plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the Statutory and Internal audits carried out, the recommendations and management'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. S Krishnan*	Member	4	1
3.	Mr. Apparao V Mallavarapu	Member	4	4
4.	Mr. Pranav Kumar N Patel	Member	4	4
5.	Mr. Thiruvengadam P	Member	4	4

* The Committee was re-constituted on June 15, 2021. Further, Mr. S Krishnan, erstwhile Independent Director, ceased to be a Director with effect from August 14, 2021.

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 June 14, 2021, August 13, 2021, November 9, 2021 and February 13, 2022. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 12, 2021 to answer the shareholder queries.

Self-Assessment by the Audit Committee

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

b) Nomination and Remuneration Committee:

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

The composition of the Nomination & Remuneration Committee and attendance in the meetings for the financial year 2021-22 was as follows:

Sl. No.	Name	Position	Number of Meetings	
			Held	Attended
1.	Mr. Manoj Nagrath	Chairman	2	2
2.	Ms. Kavitha Dutt	Member	2	1
3.	Mr. Rajiv C Mody	Member	2	1
4.	Mr. S Krishnan*	Member	2	1

Sl. No.	Name	Position	Number of Meetings	
			Held	Attended
5.	Mr. Apparao V Mallavarapu	Member	2	2

* The Committee was re-constituted on June 15, 2021. Further, Mr. S Krishnan, erstwhile Independent Director, ceased to be a Director with effect from August 14, 2021.

The Nomination & Remuneration Committee Meetings were held on June 15, 2021 and August 14, 2021. The Chairman of the Nomination & Remuneration Committee was present at the Annual General Meeting of the Company held on August 12, 2021 to answer the shareholder queries.

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

The Company Secretary acts as the Secretary to the Committee.

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

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

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

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

Policy for selection and Appointment of Directors and their Remuneration

The Nomination & 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 to the Directors for the year ended March 31, 2022 are as follows:

(Amount in Rupees)				
Name of the Director	Salary & Perquisites	Sitting Fees	Commission	Total
Mr. Apparao V Mallavarapu	89,73,600	-	-	89,73,600
Mr. Nikhil Mallavarapu	1,04,22,708	-	-	1,04,22,708
Mr. S. Krishnan	-	90,000	1,86,300	2,76,300
Mr. Manoj Nagrath	-	2,40,000	5,00,000	7,40,000
Mr. Rajiv C Mody	-	90,000	5,00,000	5,90,000
Mr. Pranav Kumar N Patel	-	2,40,000	5,00,000	7,40,000
Dr. Swarnalatha Mallavarapu	-	1,20,000	5,00,000	6,20,000
Mr. Thiruvengadam P	-	2,40,000	5,00,000	7,40,000
Ms. Kavitha Dutt	-	1,20,000	5,00,000	6,20,000

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

c) Stakeholders' Relationship Committee (SRC):

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of 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. Nikhil Mallavarapu	Member
Mr. S. Krishnan*	Member
Dr. Swarnalatha Mallavarapu	Member

* The Committee was re-constituted June 15, 2021. Further, Mr. S Krishnan, erstwhile Independent Director, ceased to be a Director with effect from August 14, 2021.

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

The Stakeholders' Relationship Committee meeting was held on June 15, 2021 during the year. The Chairman and all the Members attended the SRC Meeting.

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

Status of complaints from the stakeholders from 01.04.2021 to 31.03.2022

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non receipt of securities	NIL	15	15	NIL
2.	Non receipt of Dividend Warrants	NIL	124	124	NIL
3.	Non receipt of Annual reports	NIL	1	1	NIL
4.	Others	NIL	426	426	NIL
	Total	NIL	566	566	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
Ms. Kavitha Dutt	Member

* The Committee was re-constituted on June 15, 2021. Further, Mr. S Krishnan, erstwhile Independent Director, ceased to be a Director with effect from August 14, 2021.

The CSR Committee meeting was held on June 15, 2021 during the year. The Chairman and all the Members attended the CSR Committee Meeting.

e) Risk Management Committee:

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

The Risk Management Committee meetings were held on September 30, 2021 and March 22, 2022. The details of attendance of the Committee Members in the meetings are given below.

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

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, which is the subsidiary of Centum Electronics UK Limited.

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

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

The Company has a policy on material subsidiaries and the weblink for the same is <https://www.centumelectronics.com/corporate-governance/>. Centum Adetel Group S.A. is the Material Subsidiary of the Company.

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 basis. There are no material significant related party transactions during the financial year i.e. transactions of the Company of material nature with its promoters, the Directors, the Management, their subsidiaries or the relatives etc., that may have potential conflict with the interests of

the Company at large. However, the Company has taken approval of the Audit Committee and Board of Directors for all the related party transactions during the year.

Details of the significant related party transactions with the group companies are given in the appended

financial statements under Note no. 41 of the notes to the accounts of the standalone financial statements.

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

4) Disclosures

a) Fees Paid to Statutory Auditors:

During the year ended March 31, 2022 fees paid to Statutory Auditors are as follows:

Particulars	Fees (in ₹) (Excluding GST)
Audit and related services	55,50,000
Fees paid for Subsidiary	7,00,000
Total	62,50,000

b) Compliance with Statutory/legal requirements:

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

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

c) Compliance with Accounting Standards:

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

d) Internal Controls:

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on LN-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) Outstanding GDRs / ADRs

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

g) Certification from Company Secretary in Practice:

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

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

The Company has formulated a Policy in line with the provisions of the Sexual Harassment of Women at

Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. A reference disclosure on the same is also made in the Board's Report forming part of the Annual Report.

The Company has not received any complaint of sexual harassment during the financial year 2021-22.

i) 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
2018-19	August 13, 2019	Chambers Hall, Hotel 'Radisson Blu Atria Bengaluru', No.1, Palace Road, Bengaluru 560 001	11.00 A.M	2
2019-20	September 18, 2020	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area Yelahanka New Town Bangalore – 560 106	4.00 P.M	4
2020-21	August 12, 2021	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area Yelahanka New Town Bangalore – 560 106	4.00 P.M	1

A special resolution was passed through Postal Ballot dated October 5, 2021 for approval of "CENTUM ELECTRONICS LIMITED RESTRICTED STOCK UNIT PLAN 2021".

The details of the voting pattern for the same is as follows:

Total Number of members participated through remote e-voting			Total Number of votes cast		
57			85,85,098		
Particulars of voting	Votes in favour of the resolution		Votes against the resolution		Invalid Votes
	Number	%	Number	%	
Remote e-voting	78,14,879	91.03	7,70,219	8.97	-
Total	78,14,879	91.03	7,70,219	8.97	-

The Postal Ballot exercise was conducted by Mr. S.P. Nagarajan, Practising Company Secretary (CP No. 4738), Bengaluru, who was also appointed as the Scrutinizer for the process.

Procedure for Postal Ballot:

In compliance with Regulation 44 of the Listing Regulations, Sections 108, 110 and other applicable provisions of the Act read with the Rules issued thereunder and Ministry of Corporate Affairs Circulars ("MCA"), the Company provided electronic voting (Remote e-voting) facility to all its members. The postal ballot notice was sent to the members in

electronic form at their email addresses registered with the depositories.

The Company has also published notice in the newspapers declaring the details of completion of dispatch, e-voting details and other requirements in terms of the Act read with the Rules issued thereunder and the Secretarial Standards issued by the Institute of Company Secretaries of India.

Voting rights were reckoned on the paid-up value of shares of the Company registered in the names of the shareholders as on the cut-off date.

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, 2022, read with circulars dated December 14, 2021, January 13, 2021, May 5, 2020, April 8, 2020, and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circulars dated January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website viz. <https://www.centumelectronics.com/investor-relations/>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

6) General Shareholder Information

1	Registration Details	Company is registered in the State of Karnataka and the Corporate Identity Number allotted by Ministry of Corporate Affairs (MCA) is L85110KA1993PLC013869	
2	Registered Office	No.44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106	
3	Compliance Officer	Mr.Nagaraj K V* Ms.Indu H S**	
4	Date, time & venue of the 29 th AGM	Friday, August 12, 2022 at 04:30 p.m. IST The Company is conducting meeting through Video Conferencing / Other Audio Visual Means pursuant to the MCA Circulars and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.	
5	Financial Year	2021-2022	
6	Record Date for Dividend	August 3, 2022	
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 August 3, 2022.	
8	Listing in Stock Exchanges	The Equity Shares of the Company are listed in the following Stock Exchanges:	
		<ul style="list-style-type: none"> • The National Stock Exchange of India Limited • BSE Limited 	
9	Stock Code	<ul style="list-style-type: none"> • National Stock Exchange of India Limited – CENTUM • BSE Limited – 517544 	
10	Listing Fees	Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed.	
11	Details of Credit Ratings	Total Bank Loan Facilities Rated	₹ 355.70 Crores (Rupees Three Hundred Fifty-Five Crore and Seventy Lakhs Only)
		Long Term Bank Facilities	CARE BBB; Stable (Triple B; Outlook: Stable)
		Long Term / Short Term Bank Facilities	CARE BBB; Stable / CARE A3+ (Triple B ; Outlook: Stable/ A Three Plus)

* Mr. Nagaraj K V resigned from the office of Whole time Company Secretary with effect from March 10, 2022.

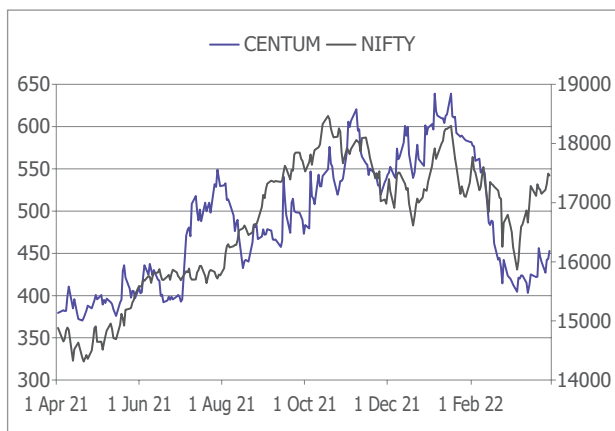
**Ms.Indu H S was appointed as Whole time Company Secretary with effect from May 24, 2022.

7) Stock Performance

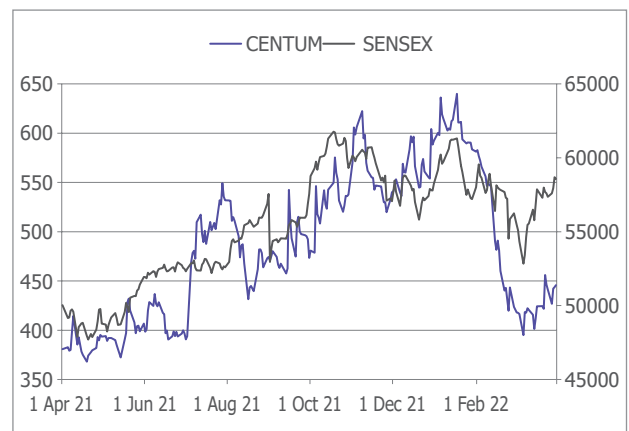
Month	National Stock Exchange of India Limited (NSE)			BSE Limited (BSE)		
	High	Low	Total Turnover (in Lakhs)	High	Low	Total Turnover (in Lakhs)
April	417.00	356.55	288.23	416.00	350.00	27.66
May	443.00	370.40	1,057.15	443.00	369.55	104.96
June	456.00	387.25	1,473.55	451.90	388.00	167.14
July	562.50	388.95	6,546.08	561.10	388.00	728.74
August	540.75	423.35	1,601.64	541.10	421.10	322.36
September	557.40	450.25	2,821.82	555.15	445.15	308.80
October	615.00	470.00	4,844.51	612.40	469.80	543.87
November	643.50	504.00	2,544.42	638.95	505.00	349.87
December	628.00	530.55	4,030.08	659.20	531.25	2,653.23
January	659.90	553.45	3,633.64	659.00	554.00	266.66
February	604.00	410.00	1,401.14	591.45	413.80	245.18
March	498.00	390.00	1,890.37	498.00	390.00	257.31

The performance of the stock in National Stock Exchange of India Limited and BSE Limited for the period from April 1, 2021 to March 31, 2022 was as follows:

Exchange: NSE; Date: 01-04-2021 End date: 31-03-2022



Exchange: BSE; Date: 01-04-2021 End date: 31-03-2022



8) Dematerialisation of shares

The ISIN for the Equity Shares of the Company is INE320B01020. A total of 1,27,86,207 Equity Shares aggregating to 99.23% of the total shares of the Company are in dematerialised form as on March 31, 2022.

9) Registrars and Share Transfer Agent

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

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

10) Share Transfer System

The composition of the Share Transfer Committee is as follows:

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

* Mr. Nagaraj K V resigned from the office of Whole time Company Secretary with effect from March 10, 2022

** Ms.Indu H S was appointed as Company Secretary w.e.f May 24, 2022.

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 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, 2022 is as follows:

Category (Shares)	No. of Shareholders	%	No. of Shares	%
1-5000	8,676	98.82	13,17,497	10.23
5001- 10000	51	0.58	3,76,438	2.92
10001- 20000	20	0.23	2,94,885	2.29
20001- 30000	7	0.08	1,77,264	1.38
30001- 40000	5	0.06	1,81,109	1.41
40001- 50000	4	0.04	1,80,672	1.40
50001- 100000	6	0.07	4,41,151	3.42
100001 & Above	11	0.12	99,15,765	76.95
Total	8780	100.00	12884781	100.00

12) Shareholding Pattern

Categories of Shareholders as on March 31, 2022 is as follows:

Category	No. of Shares	% to Total Shares
Promoters & Promoter Group	75,76,478	58.80
Employees	1,75,242	1.36
Mutual Funds	7,77,740	6.04
Financial Institutions / Banks	83	0.00
Non-Resident Indians	35,251	0.27
Non-Resident Indian Non Repatriable	20,841	0.16
Foreign Portfolio- CORP	462	0.00
Indian Public	33,70,330	26.16
Clearing Members	14,646	0.11
Bodies Corporate	4,94,221	3.84
IEPF	86,001	0.67
HUF	3,33,486	2.59
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 2021-22.

13) Transfer of Unclaimed/Unpaid Dividend

Pursuant to applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are

required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the Rules, shares in respect of which dividend has not been paid or claimed by the Shareholders for 7 (seven) consecutive years or more shall also be transferred to the Demat account created by the IEPF Authority.

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

During the year under review, the Company has transferred ₹ 3,71,023/- to Investor Education and Protection Fund Account which was pertaining to Unpaid Final Dividend Account - Centum Electronics Limited 2013-14 and Unpaid Interim - Dividend Account - Centum Electronics Limited 2014-2015 and remained unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend account.

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

Sl No.	Dividend Year	AGM/ Board Meeting Date at which the Dividend declared	Dividend per Share (in ₹)	Due date for transfer of unclaimed Dividend to IEPF
1	2014-15 - Final	07-08-2015	2.00	31-08-2022
2	2015-16 - Interim	08-02-2016	1.00	02-03-2023
3	2015-16 - 2 nd Interim	25-03-2016	2.00	12-04-2023
4	2016-17 - Interim	14-02-2017	2.00	26-02-2024
5	2016-17 - Final	11-07-2017	3.00	19-07-2024
6	2017-18 - Interim	13-02-2018	1.00	25-02-2025
7	2018-19 - Interim	06-02-2019	1.00	10-03-2026
8	2018-19 - Final	13-08-2019	4.00	19-09-2026
9	2019-20- Final	18-09-2020	2.50	24-10-2027
10	2020-21 - Interim	10-02-2021	2.00	18-03-2028
11	2020-21- Final	12-08-2021	2.00	10-09-2028

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

In terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting,

Audit, Transfer and Refund) Rules, 2016 as amended and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, the Company has transferred the required number of shares to the IEPF.

The Company has accordingly transferred 6,137 shares to the Demat Account of the IEPF Authority.

15) Financials Release Dates for 2022-23

Quarter	Release Date (tentative & subject to change)
1 st Quarter ending June 30, 2022	Second week of August 2022
2 nd Quarter ending September 30, 2022	Second week of November 2022
3 rd Quarter ending December 31, 2022	Second week of February 2023
4 th Quarter ending March 31, 2023	Last week of May 2023

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

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

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

Place: Bengaluru
Date: May 24, 2022

Apparao V Mallavarapu
Chairman & Managing Director

Nikhil Mallavarapu
Director

Corporate Governance Compliance Certificate

To

The Members of

Centum Electronics Limited

I have examined all the relevant records of Centum Electronics Limited ('the Company') for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from 1st April, 2021 to 31st March, 2022.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

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

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

Place: Bengaluru
Date: May 24, 2022
UDIN: F004078D000395361

RAJSHEKAR
Practicing Company Secretary
FCS 4078, CP No 2468

Certificate Of Non-Disqualification Of Directors

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

To,
The Members of
Centum Electronics Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Centum Electronics Limited having CIN L85110KA1993PLC013869 and having registered office at 44, KHB Industrial Area, Yelahanka Bangalore - 560 106 (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, 2022 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.

SI No.	Name of Director	Director Identification Number (DIN)	Date of original appointment in Company
<i>Executive Directors</i>			
1	Mr. Apparao Venkata Mallavarapu	00286308	08.01.1993
2	Mr. Nikhil Mallavarapu	00288551	13.02.2020
<i>Non-Executive Directors</i>			
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	Dr. Swarnalatha Mallavarapu	00288771	26.03.2015
7	Mr. Thiruvengadam Parthasarathi	00016375	08.02.2016
8	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: May 24, 2022
UDIN: F004078D000395260

RAJSHEKAR
Practicing Company Secretary
FCS 4078, CP No 2468

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, 2022 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, 2022, 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 2021-2022.

For CENTUM ELECTRONICS LIMITED

Apparao V Mallavarapu
Chairman & Managing Director

K S Desikan
Chief Financial Officer

Bangalore
May 24, 2022

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 : 2021 - 22
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, Industrial, Medical, Mobility

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 129 million
2. Total Turnover (INR) : 3,538 million

3. Total profit after taxes (INR) : 117.66 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2% of the average net profit of last 3 years
5. List of activities in which expenditure in 4 above has been incurred:-
 - a) Promoting Education
 - b) Health Care

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.
 - (a) Details of the BR head
No director has been specifically nominated. The Corporate Social Responsibility (CSR) Committee of the Board comprising of Mr. Thiruvengadam P, Ms. Kavitha Dutt 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.	Do 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 confirm to the National Voluntary Guidelines issued by Ministry of Corporate Affairs.								
4.	Have 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 be approved by the Board of Directors. The approval of the Board has been taken on mandatory policies. However, all the policies are approved by the Chairman & Managing Director of the Company.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	N	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.centumelectronics.com								
7.	Has the policies been formally communicated to all relevant internal and external stakeholders?	Formal communication is sent to internal stakeholders and the external stakeholders are communicated to the extent as may be applicable.								
		The Company has a HR Information System (HRIS) Policy for the benefit of employees and managers. It is an employee self service and manager self service portal. We upload all the HR policies in HRIS system with access controls.								
8.	Does the company have in-house structure to implement the policies	Y	Y	Y	Y	Y	N	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	N	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of these policy by an internal or external agency?	Y	Y	Y	Y	Y	N	Y	Y	Y

3. Governance related to BR

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

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1 :**

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

The Centum Code of Conduct covers employees of the Company.

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

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 Agent/ Company relating to their resolutions. During the financial year 2021-22, a total of 86 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.

Microelectronic based Power Controllers are light weight and consumes less power.

The Company is certified for Environment Management System ISO 14001: 2015. Energy & Water conservation are done in each Process with optimization.

The Company has also defined, documented, implemented & maintained Environment, Occupational Health and Safety Policy (EOHS) for continual improvement. EOHS Policy is defined as per the site-specific requirements and is appropriate to the nature, scale, safety activities.
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has received satisfactory feedbacks from its Customers.
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
 - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

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

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

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

Centum is committed to maintaining a socially responsible supply chain with a strong focus on Conflict Minerals. Centum with the support of its customers and suppliers had to respond to this global challenge and take action to support responsible minerals sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
 - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The Company sources products from local and small producers by evaluating them with the necessary requirements. The Company actively engages with the different Vendors to develop and improve their capabilities and capacities from time to time. Constant feedbacks are given to the local suppliers to upgrade their performance both in terms of quality performance and capacity enhancement.
5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

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

Principle 3 :

1. Please indicate the total number of employees.

Based on Standalone data, 1,172 employees as on March 31, 2022.
2. Please indicate the total number of employees hired on temporary/contractual/casual basis.

Based on Standalone data, 92 contractual employees as on March 31, 2022.
3. Please indicate the number of permanent women employees.

Based on Standalone data, 309 women employees as on March 31, 2022.

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

NIL employee as on March 31, 2022.

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 are 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.

S. 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 100%
 (c) Casual/Temporary/Contractual Employees = 100%
 (d) Employees with Disabilities = Not Applicable

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, 2022.

Principle 6 :

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

Not Applicable

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

Yes

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

Yes.

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

No specific project.

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

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

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

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

Yes.

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

Nil.

Principle 7 :

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

Yes. The major trade bodies are:

- a) Indo American Chamber of Commerce
- b) Federation of Karnataka Chambers of Commerce and Industry
- c) Indo-French Chamber Of Commerce
- d) Bangalore Chamber of Commerce
- e) Confederation of Indian Industry
- f) Society of Indian Defence Manufacturer
- g) India Electronics & Semiconductor
- h) Electronic Industries Association of India (ELCINA)
- i) Indian Space Association (ISPA)
- j) Karnataka Employer Association
- k) Electronic & Computer Software Export Promotion Council (ESC)
- l) Software Technology Parks of India (STPI)

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

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

Principle 8

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

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

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

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

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

Not Applicable

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

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

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

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

Principle 9

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

The Company does not have any major complaints/ consumer cases pending as on 31st March, 2022.

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

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

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

No.

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

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

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, 2022, 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, 2022, its profit including other comprehensive income, its cash flows and the changes inequity 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 Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and

the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to the Note 54 to the accompanying standalone Ind AS financial statements for the year ended March 31, 2022 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company and its subsidiaries. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence (as described in note 2.3(k), note 10 and note 40 of the standalone Ind AS financial statements)	
<p>The Company held an inventory balance of ₹ 1,986.57 million as at March 31, 2022, as disclosed in Note 10 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</p>	<p>Our procedures in relation to evaluate the allowance of inventories included:</p> <ul style="list-style-type: none"> 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;

Key audit matters	How our audit addressed the key audit matter
<p>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.</p>	<ul style="list-style-type: none"> • We observed the inventory count performed by management and assessed the physical condition of the inventories; • We also assessed the allowance policy based on historical sales performance of the products in their life cycle and comparing the actual loss to historical allowance recognized, on a sample basis; • We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis; • We have tested a sample of inventory items for significant components to assess the cost and tested the basis of determination of net realisable value of inventory, on a sample basis; • We also assessed the Company's disclosures concerning this in Note 40 on significant accounting estimates and judgements and Note 10 on Inventories to the standalone Ind AS financial statements.
<p>Impairment testing of investments in a subsidiary (as described in note 2.3(I), note 5 and note 40 of the standalone Ind AS financial statements)</p>	
<p>As at March 31, 2022, the carrying amount of investment in Centum Electronics UK Limited, a subsidiary of the Company is ₹ 613.59 million which has underlying investment in Adetel Group SA ('Adetel'). Adetel has incurred losses in the earlier years whereby the carrying value of the investment in Adetel as at March 31, 2022, 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, 2022, we have considered this as a key audit matter.</p> <p>The basis of impairment of investment in subsidiary is presented in the accounting policies in Note 2.3(I) to the standalone Ind AS financial statements.</p>	<p>Our procedures in relation to evaluate the impairment of investment included:</p> <ul style="list-style-type: none"> • We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets. • We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data; • We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. • We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness; • We tested the arithmetical accuracy of the financial projection model; • We assessed the Company's disclosures concerning this in Note 40 on significant accounting estimates and judgements and Note 5 pertaining to the disclosures of investment in subsidiary to the standalone Ind AS financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2022 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 44 (c)(iv) 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;
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 56(v) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary

shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 56(vi) to the standalone Ind AS financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered

reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. As stated in note 17 to the standalone Ind AS financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year and the final dividend proposed by the Board of Directors for the year which is subject to the approval of the members at the ensuing Annual General Meeting is in accordance with section 123 of the Act to the extent it applies to payment / declaration of dividend.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership Number: 061207

UDIN: 22061207AJNPRQ5015

Place of Signature: Bengaluru

Date: May 24, 2022

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

Re: Centum Electronics Limited ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment have not been physically verified by the management of the Company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in note 3 to the standalone Ind AS financial statements included in property, plant and equipment are held in the name of the Company. Certain immovable properties are pledged with banks and their title deeds are not available with the Company. The same has been independently confirmed by the bank.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible asset during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory including inventory lying with third parties except goods in transit at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmation.
- (b) As disclosed in note 18 and 21 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone Ind AS financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. However, the Company has an outstanding loan of Rs. 20 million as at March 31, 2022 to Centum Adeneo India Private Limited ('CAIPL'), a subsidiary company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. However the Company has an outstanding loan of Rs. 20.00 million to CAIPL, a subsidiary company and investment of Rs.1.00 million in CAIPL, a subsidiary company as at March 31, 2022.
- (c) In respect of loan granted to subsidiary company, the schedule of repayment of principal and payment of interest has been stipulated and the receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) There were no loans or advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ('the Act') are applicable have been complied with by the Company..
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act

and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company and hence not commented upon.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act related to the products manufactured by the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, professional tax, provident fund,

employees' state insurance, income-tax, custom duty, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues as applicable to the Company which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

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

Name of the Statute	Nature of the Dues	Amount (in INR million)	Period to which the amount relates	Due Date	Date of Payment
The Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	3.33	February 2019 – April 2019	Various dates	Not paid
Bruhat Bengaluru Mahanagara Palike	Property Tax	7.54	April 01– 2017 to September 30, 2021	Various dates	Not paid

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (in INR million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	46.44	Financial year 2016-2017	Commissioner of Income Tax (Appeals) - Bangalore
Karnataka Value Added Tax, 2005	Commercial Tax	6.49	Financial year 2013-2014	High Court
Central Excise Act, 1944	Non-payment of service tax	52.52 (3.54)*	Financial year 2009-2010 to 2014-2015	Customs, Excise and Service Tax Appellate Tribunal ('CESTAT'), Bangalore
Central Excise Act, 1944	Non-payment of service tax	36.73	Financial year 2015-16 to 2017-18	Customs, Excise and Service Tax Appellate Tribunal ('CESTAT'), Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	9.99	Financial year 2004-2005 to 2005-2006	Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	22.26	Financial year 2010-2011 to 2012-2013	CESTAT, Bangalore
The Karnataka Stamp Act, 1957	Stamp duty	16.28	Financial year 2007-08	The District Registrar, Gandhinagar Registration District
The Goods and Service Tax Act	Recovery of erroneous refund sanctioned	2.72	Financial year 2017-2018	Additional Commissioner Central tax (Appeals)
Bruhat Bengaluru Mahanagara Palike	Property tax	5.89	FY 2021-2022	Bruhat Bengaluru Mahanagara Palike

* Amount in parenthesis represents the payment made under protest.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or other government or any government authority.
- (c) The Company did not take any new term loans during the year and hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. The Company does not have any joint venture. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management of the Company, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) (a) to (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year or the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 48 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 52 to the standalone Ind AS financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 52 to the standalone Ind AS financial statements.

- (xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership Number: 061207

UDIN: 22061207AJNPRQ5015

Place of Signature: Bengaluru

Date: May 24, 2022

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

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

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Centum Electronics Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements

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

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

Meaning of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership Number: 061207

UDIN: 22061207AJNPRQ5015

Place of Signature: Bengaluru

Date: May 24, 2022

Standalone Ind AS Balance Sheet

as at March 31, 2022

Corporate Identity Number (CIN): L85110KA1993PLC013869

(₹ in million)

	Notes	March 31, 2022	March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,033.13	1,075.23
(b) Capital work-in-progress	3a	0.09	22.77
(c) Goodwill	4	36.35	36.35
(d) Other intangible assets	4	42.17	54.54
(e) Right-of-use assets	44 a	29.07	36.93
(f) Financial assets			
(i) Investments	5	627.85	637.17
(ii) Other financial assets	6	268.49	181.85
(g) Deferred tax assets (net)	7	25.34	18.45
(h) Non-current tax assets (net)	8	48.89	33.54
(i) Other non-current assets	9	9.00	13.42
Total non - current assets		2,120.38	2,110.25
(2) Current assets			
(a) Inventories	10	1,986.57	1,745.49
(b) Financial assets			
(i) Trade receivables	11	890.67	996.16
(ii) Cash and cash equivalents	12	149.19	104.53
(iii) Bank balances other than cash and cash equivalents	12	93.67	187.08
(iv) Other financial assets	13	58.51	55.64
(c) Other current assets	14	160.98	143.77
Total current assets		3,339.59	3,232.67
Total assets (1+2)		5,459.97	5,342.92
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	128.85	128.85
(b) Other equity	16	2,516.38	2,417.85
		2,645.23	2,546.70
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	113.98
(ii) Lease liabilities	44 a	1.55	12.59
(b) Government grants	19	26.57	34.44
(c) Net employee defined benefit liabilities	20	56.39	55.38
		84.51	216.39
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	979.45	1,283.02
(ii) Lease liabilities	44 a	11.80	19.71
(iii) Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		51.90	50.89
Total outstanding dues of creditors other than micro enterprises and small enterprises		674.33	541.44
(iv) Other financial liabilities	23	84.48	92.41
(b) Government grants	19	7.87	7.87
(c) Other current liabilities	24	858.64	469.39
(d) Net employee defined benefit liabilities	25	6.48	6.26
(e) Provisions	26	25.26	32.94
(f) Liabilities for current tax (net)	27	30.02	75.90
		2,730.23	2,579.83
Total equity and liabilities (1+2+3)		5,459.97	5,342.92
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : May 24, 2022

Place : Bengaluru
Date : May 24, 2022

Standalone Ind AS Statement of Profit and Loss

for the year ended March 31, 2022

		(₹ in million)	
	Notes	March 31, 2022	March 31, 2021
I Income			
Revenue from operations	28	3,480.11	4,245.27
Other income	29	30.30	18.99
Finance income	30	27.76	19.61
Total income		3,538.17	4,283.87
II Expenses			
Cost of materials consumed	31	2,063.34	2,348.15
(Increase) / decrease in inventories of work-in-progress and finished goods	32	(30.59)	178.34
Employee benefits expense	33	677.49	678.53
Finance costs	34	146.09	173.81
Depreciation and amortisation expenses	35	164.88	158.21
Other expenses	36	344.84	415.58
Total expenses		3,366.05	3,952.62
III Profit / (loss) before exceptional items and tax (I - II)		172.12	331.25
IV Exceptional items (net)	37	(18.36)	-
V Profit/ (loss) before tax (III + IV)		153.76	331.25
VI Tax expenses	38		
(a) Current tax		55.00	79.43
(b) Adjustment of tax relating to earlier period		(9.38)	2.69
(c) Deferred tax expense / (credit)		(9.52)	9.34
Total tax expenses		36.10	91.46
VII Profit / (loss) for the year (V - VI)		117.66	239.79
VIII Other comprehensive income (net)			
(A) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
(i) Re-measurement gains / (losses) on defined benefit plans	42b(ii)	9.11	1.43
(ii) Income tax effect on above	38	(2.63)	(0.41)
(B) Other comprehensive income to be reclassified to profit or loss in subsequent periods			
(i) Net movement on effective portion of cash flow hedge		-	-
(ii) Income tax effect on above		-	-
Total other comprehensive income for the year (net of tax)		6.48	1.02
IX Total comprehensive income for the year (VII + VIII)		124.14	240.81
X Earnings per equity share (EPS) (nominal value of ₹ 10 each)	39		
Basic (₹)		9.13	18.61
Diluted (₹)		9.12	18.60
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the standalone Ind AS financial statements.
As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: A35306

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : May 24, 2022

Place : Bengaluru
Date : May 24, 2022

Standalone Ind AS Statement of Cash Flows

for the year ended March 31, 2022

	(₹ in million)	
	March 31, 2022	March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	153.76	331.25
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation and amortization expenses	164.88	158.21
Provisions no longer required, written back	(4.02)	(1.82)
Fair value (gain) / loss on financial instruments	(0.15)	(2.17)
Net foreign exchange differences (unrealised)	6.34	3.89
Loss on sale / discard of property, plant and equipment	0.92	-
Provision for expected credit loss / bad debts written off	5.08	65.44
Government grants	(7.87)	(9.95)
Employee share based compensation cost	0.16	0.49
Finance income	(27.76)	(19.61)
Finance costs	112.18	171.23
Operating profit before working capital changes	403.52	696.96
Working capital adjustments:		
(Increase) / decrease in inventories	(241.08)	458.57
Decrease / (increase) in trade receivables	101.61	635.86
(Increase) / decrease in other assets	(17.11)	(4.42)
Increase / (decrease) in trade payables, provisions and other liabilities	531.18	(759.60)
Cash generated from / (used in) operations	778.12	1,027.37
Direct taxes paid (net of refunds)	(98.20)	(90.72)
Net cash flow from / (used in) operating activities	679.92	936.65
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(95.60)	(127.82)
Proceeds from sale of property, plant and equipment	3.56	-
Purchase of non-current investments	-	(147.65)
Proceeds from sale of non-current investments	9.32	-
Investment in bank deposits (having original maturity of more than three months) and other bank balances	6.75	28.37
Interest income received	17.53	18.75
Government grant received	-	32.12
Net cash flow (used in) / from investing activities	(58.44)	(196.23)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(195.21)	(160.38)
Repayment of lease liabilities	(22.80)	(18.92)
Proceeds / repayment of short term borrowings (net)	(223.50)	(296.19)
Finance costs paid	(110.35)	(157.55)
Dividend paid (including amount transferred to Investor Education & Protection Fund)	(25.53)	(58.18)
Net cash flow (used in) / from financing activities	(577.39)	(691.22)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	44.09	49.20
Cash and cash equivalents at the beginning of the year	104.53	55.19
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.57	0.14
Cash and cash equivalents at the end of the year	149.19	104.53
Total cash and cash equivalents (Note 12)	149.19	104.53

Standalone Ind AS Statement of Cash Flows

for the year ended March 31, 2022

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

(₹ in million)

Particulars	Liabilities arising from financing activities				Derivatives not designated as hedges - Interest rate swap (refer note 50)
	Unpaid dividend on equity shares (refer note 23)	Long term borrowings (including current maturities of long term borrowings) (refer note 18 and 21)	Short term borrowings (excluding current maturities of long term borrowings) (refer note 21)	Lease Liabilities (including current portion of lease liabilities) (refer note 44a)	
As at April 01, 2021	2.65	195.21	1,201.79	32.30	0.15
Cash flows	(25.53)	(195.21)	(223.50)	(22.80)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	-	-	4.21	-	-
Changes in fair values	-	-	-	-	(0.15)
Interest payable	-	-	(3.05)	-	-
Accretion of interest	-	-	-	2.75	-
Recognition of lease liabilities (refer note 44a)	-	-	-	1.10	-
Dividend declared during the year	25.77	-	-	-	-
As at March 31, 2022	2.89	-	979.45	13.35	-
As at April 01, 2020	2.85	353.05	1,494.23	29.75	2.00
Cash flows	(58.18)	(160.38)	(296.19)	(18.92)	-
Non-cash changes					
Foreign exchange fluctuations loss /(gain)	-	2.54	(1.49)	-	-
Interest payable	-	-	5.24	-	-
Changes in fair values	-	-	-	-	(1.85)
Accretion of interest	-	-	-	4.06	-
Recognition of lease liabilities (refer note 44a)	-	-	-	17.41	-
Dividend declared during the year	57.98	-	-	-	-
As at March 31, 2021	2.65	195.21	1,201.79	32.30	0.15

Summary of significant accounting policies

2.3

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : May 24, 2022

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Place : Bengaluru
Date : May 24, 2022

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Standalone Ind AS statement of changes in equity

for the year ended March 31, 2022

(a) Equity share capital

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

Particulars	Number	₹ in million
At April 01, 2020	12,884,841	128.85
Issue of share capital (refer note 15)	-	-
At March 31, 2021	12,884,841	128.85
Issue of share capital (refer note 15)	-	-
At March 31, 2022	12,884,841	128.85

(b) Other equity

Particulars	Attributable to equity shareholders					Total equity
	Reserves and surplus					
	Securities premium (refer note 16)	General reserve (refer note 16)	Retained earnings (refer note 16)	Share based payments reserve (refer note 16)	Capital reserve (refer note 16)	
For the year ended March 31, 2022						
As at April 01, 2021	28.07	440.26	1,945.93	2.11	1.48	2,417.85
Profit / (loss) for the year	-	-	117.66	-	-	117.66
Cash dividends (refer note 17)	-	-	(25.77)	-	-	(25.77)
Share based payment (refer note 45)	-	-	-	0.16	-	0.16
Less: Transferred to capital reserve on forfeiture of stock options	-	-	-	(1.95)	1.95	-
Remeasurement of defined benefit plans*	-	-	6.48	-	-	6.48
As at March 31, 2022	28.07	440.26	2,044.30	0.32	3.43	2,516.38
For the year ended March 31, 2021						
As at April 01, 2020	28.07	440.26	1,763.10	1.62	1.48	2,234.53
Profit / (loss) for the year	-	-	239.79	-	-	239.79
Cash dividends (refer note 17)	-	-	(57.98)	-	-	(57.98)
Share based payment (refer note 45)	-	-	-	0.49	-	0.49
Remeasurement of defined benefit plans*	-	-	1.02	-	-	1.02
As at March 31, 2021	28.07	440.26	1,945.93	2.11	1.48	2,417.85

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

Summary of significant accounting policies 2.3

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

As per our report of even date.

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

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

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Place : Bengaluru
Date : May 24, 2022

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : May 24, 2022

Notes to the standalone financial statements

for the year ended March 31, 2022

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 41.

The standalone Ind AS financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 24, 2022.

In the current year, the Company has been registered under the provisions of Micro, Small and Medium Enterprise Development Act ("MSMED") Act, 2006 and has obtained the Udyam registration number ("URN") UDYAM - KR- 03-0005545 on August 12, 2020

2. Significant accounting policies

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

2.1. Basis of Preparation

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

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

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

2.2. Change in accounting policies and disclosures:

New Standards and amendments :

(i) Interest Rate Benchmark Reform - Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments have no impact on the standalone Ind AS financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI.

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS .includes amendment of the footnote

Notes to the standalone financial statements

for the year ended March 31, 2022

to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

2.3. Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the standalone balance sheet based on current/ non-

current classification. An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle,
- ii. It is held primarily for the purpose of trading,
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

Advance tax paid is classified as non-current assets.

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

b. Fair value measurement

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

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

Notes to the standalone financial statements

for the year ended March 31, 2022

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

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

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments (including those carried at amortised cost)

c. Revenue Recognition

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

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

Sale of products and services

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

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

Notes to the standalone financial statements

for the year ended March 31, 2022

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Scrip Sales

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

Management fees income

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

Interest income

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

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.

Notes to the standalone financial statements

for the year ended March 31, 2022

e. Taxes on income

Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is

probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

f. Non-current assets held for sale

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

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual

Notes to the standalone financial statements

for the year ended March 31, 2022

and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- a) The appropriate level of management is committed to a plan to sell the asset,
- b) An active programme to locate a buyer and complete the plan has been initiated,
- c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

Capital work in progress includes cost of property, plant and equipment under installation / under development, net of accumulated impairment loss, if any, as at the balance sheet date. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

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

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

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

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are

Notes to the standalone financial statements

for the year ended March 31, 2022

reviewed at each financial year end and adjusted prospectively, if appropriate.

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

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

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

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

i. Borrowing cost

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

cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j. Leases

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

Notes to the standalone financial statements

for the year ended March 31, 2022

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 (I) Impairment of non-financial assets.

ii) Lease Liabilities

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

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Notes to the standalone financial statements

for the year ended March 31, 2022

- 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.

I. Impairment of non-financial assets and investments in subsidiaries and associates

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in subsidiary and associates to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company

suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit)

Notes to the standalone financial statements

for the year ended March 31, 2022

in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

m. Provisions and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be

confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the

Notes to the standalone financial statements

for the year ended March 31, 2022

expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the

net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

o. Financial instruments

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section 2.3.(c) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets

Notes to the standalone financial statements

for the year ended March 31, 2022

with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Investment in equity instruments issued by subsidiaries, associates are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investments in subsidiaries and associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the

Notes to the standalone financial statements

for the year ended March 31, 2022

substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to note 50 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 that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

r. Share-based payments

Certain employees of the Company and its subsidiaries are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

Notes to the standalone financial statements

for the year ended March 31, 2022

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

s. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t. Foreign currencies

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

u. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii. Its intention to complete the asset
- iii. Its ability to use or sell the asset
- iv. How the asset will generate future economic benefits
- v. The availability of adequate resources to complete the development and to use or sell the asset
- vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line

Notes to the standalone financial statements

for the year ended March 31, 2022

basis over the period of expected future benefit from the related project. Amortization is recognized in the standalone statement of profit and loss. During the period of development, the asset is tested for impairment annually.

v. Corporate social responsibility ('CSR') expenditure

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

w. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Standard notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's “Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards” with the reference to the “Conceptual Framework for Financial Reporting under Indian Accounting Standard” without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

iv) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

Notes to the standalone financial statements

for the year ended March 31, 2022

3. Property, plant and equipment

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leasehold land	Total
At cost / deemed cost											
As at April 1, 2020	4.41	4.00	499.69	677.66	93.85	24.84	38.01	51.88	5.56	114.61	1,514.51
Additions	-	-	0.89	77.44	-	1.04	0.82	2.64	10.29	-	93.12
Disposal during the year	-	(4.00)	-	-	-	-	-	-	-	-	(4.00)
As at March 31, 2021	4.41	-	500.58	755.10	93.85	25.88	38.83	54.52	15.85	114.61	1,603.63
Additions	-	-	3.81	74.24	-	1.86	0.18	0.95	22.38	-	103.42
Disposal during the year	-	-	-	(4.96)	-	-	-	-	-	-	(4.96)
As at March 31, 2022	4.41	-	504.39	824.38	93.85	27.74	39.01	55.47	38.23	114.61	1,702.09
Accumulated Depreciation											
As at April 1, 2020	-	3.91	50.89	251.31	29.58	19.25	24.98	13.47	5.56	-	398.95
Charge for the year	-	0.09	17.55	90.18	9.00	2.75	6.81	5.23	1.84	-	133.45
Disposal during the year	-	(4.00)	-	-	-	-	-	-	-	-	(4.00)
As at March 31, 2021	-	-	68.44	341.49	38.58	22.00	31.79	18.70	7.40	-	528.40
Charge for the year	-	-	18.01	95.76	8.98	2.47	5.91	5.24	4.66	-	141.03
Disposal during the year	-	-	-	(0.47)	-	-	-	-	-	-	(0.47)
As at March 31, 2022	-	-	86.45	436.78	47.56	24.47	37.70	23.94	12.06	-	668.96
Net block											
As at March 31, 2022	4.41	-	417.94	387.60	46.29	3.27	1.31	31.53	26.17	114.61	1,033.13
As at March 31, 2021	4.41	-	432.14	413.61	55.27	3.88	7.04	35.82	8.45	114.61	1,075.23

Notes:

- Karnataka Industrial Area Development (KIADB) has allotted land to the Company on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f., December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114.61 million (March 31, 2021: ₹ 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.
- Property, plant and equipments and other intangible assets of the Company have been pledged / mortgaged as securities against borrowings. Refer note 18 and 21 for details of borrowings.
- 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.

Notes to the standalone financial statements

for the year ended March 31, 2022

3a. Capital work-in-progress

(₹ in million)

	Capital work-in-progress
As at April 1, 2020	13.51
Additions (refer note 41)	102.38
Capitalised during the year	(93.12)
As at March 31, 2021	22.77
Additions	80.74
Capitalised during the year	(103.42)
As at March 31, 2022	0.09

Capital work-in-progress ageing schedule

(₹ in million)

As at March 31, 2022	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	0.09	-	-	-	0.09
Projects temporarily suspended	-	-	-	-	-
Total	0.09	-	-	-	0.09

(₹ in million)

As at March 31, 2021	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	22.77	-	-	-	22.77
Projects temporarily suspended	-	-	-	-	-
Total	22.77	-	-	-	22.77

4. Other intangible assets and goodwill

(₹ in million)

Particulars	Other intangible assets				Total (A+D)
	Goodwill (A) (refer note b)	Computer software (B)	Intellectual property rights (C)	Subtotal (D=B+C)	
Gross block					
At cost / deemed cost					
As at April 1, 2020	36.35	83.15	9.51	92.66	129.01
Additions	-	16.93	-	16.93	16.93
Disposals	-	-	-	-	-
As at March 31, 2021	36.35	100.08	9.51	109.59	145.94
Additions	-	2.52	-	2.52	2.52
Disposals	-	-	-	-	-
As at March 31, 2022	36.35	102.60	9.51	112.11	148.46
Amortization					
As at April 1, 2020	-	32.67	6.00	38.67	38.67
Charge for the year	-	14.98	1.40	16.38	16.38
Disposals	-	-	-	-	-
As at March 31, 2021	-	47.65	7.40	55.05	55.05
Charge for the year	-	13.66	1.23	14.89	14.89
Disposals	-	-	-	-	-
As at March 31, 2022	-	61.31	8.63	69.94	69.94
Net block					
As at March 31, 2022	36.35	41.29	0.88	42.17	78.52
As at March 31, 2021	36.35	52.43	2.11	54.54	90.89

(a) Also, refer note 3(b)

Notes to the standalone financial statements

for the year ended March 31, 2022

- (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, 2022 and March 31, 2021, 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.

5 Non - current Financial assets: Investments

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Investment carried at cost		
-Unquoted equity shares		
i. Subsidiary Company	613.59	613.59
Centum Electronics UK Limited ¹ (refer note 41) 6,630,900 equity shares (March 31, 2021: 6,630,900) equity shares of GBP 1 each, fully paid up.		
Centum Adeneo India Private Limited ² 100,000 (March 31, 2021: 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, 2021: 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 Nil (March 31, 2021: 108,515.69) units of ₹ Nil each (March 31, 2021: ₹ 85.90)	-	9.32
Total Investments (i+ii+iii)	627.85	637.17
Aggregate value of unquoted investments	627.85	637.17

1. a) The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA. Centum Adetel Group SA and its underlying subsidiaries have incurred losses. During the year ended March 31, 2021, the Board of Directors of Company further acquired 10.51% stake of Centum Adetel Group SA through Centum Electronics UK Limited from other shareholders of Centum Adetel Group SA. The carrying value of the aforesaid investment is higher than the net worth of Centum Adetel Group SA.

However, based on internal assessment performed with regard to future operations and external valuation by an expert, 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.

Notes to the standalone financial statements

for the year ended March 31, 2022

- b) During the year ended March 31, 2020, the management of Centum Adetel Group SA, a step down subsidiary entered into agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS), subsidiary of Centum Adetel Group SA. Centum Adetel Group SA had a put option to sale its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a as per the aforesaid sale agreement and has other receivables of EUR 0.5 million . During the year ended March 31, 2022 the HOLIWATT has been placed in specific insolvency statutes, allowing it to commence negotiation with other parties including its shareholders and the Commercial Court of Lyon has announced the opening of judicial recovery procedures. Accordingly, based on its internal assessment, the management of the Company has provided for its receivables amounting to ₹ 18.36 million and the same has been disclosed as exceptional items in the audited standalone Ind AS financial statements for the year ended March 31, 2022.
- 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 view that the above rejection by RBI do not have any impact on the incorporation of CAIPL under the applicable laws of India and CAIPL can change the initial subscribers to the Memorandum of Association.
- Accordingly, the Company, acquired 100% interest in CAIPL during the year ended March 31, 2019 from Centum Adetel Group SA 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 18 (2).

6 Other non - current financial assets

(₹ in million)

	March 31, 2022	March 31, 2021
Unsecured, considered good unless otherwise stated		
Carried at amortised cost		
Security deposits - others (refer note 41)	20.84	20.86
Non-current bank balance (refer note 12)	227.65	140.99
Loans¹		
Loan to related party (refer note 41)	20.00	20.00
Total other non-current financial assets	268.49	181.85

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.

Notes to the standalone financial statements

for the year ended March 31, 2022

7 Deferred tax

(₹ in million)

	March 31, 2022	March 31, 2021
Deferred tax liability		
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	(35.17)	(42.61)
Leases	(3.96)	(1.05)
(A)	(39.13)	(43.66)
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	30.96	30.10
Impact of deferred revenue	16.83	14.64
Impact of provision for expected credit losses	10.06	15.64
Others	6.62	1.73
(B)	64.47	62.11
Deferred tax assets (net)	(A+B) 25.34	18.45
Movement for the year	(6.89)	9.75
Reconciliation to the statement of profit and loss		
Expense / (credit) during the year as above	(6.89)	9.75
Tax expense / (income) during the period recognized in OCI	2.63	0.41
Expense / (credit) during the year	(9.52)	9.34

8 Non-current tax assets (net)

(₹ in million)

	March 31, 2022	March 31, 2021
Advance income tax (net of provision for current tax and including tax paid under protest)	48.89	33.54
	48.89	33.54

9 Other non-current assets

(₹ in million)

	March 31, 2022	March 31, 2021
Capital advances		
Unsecured, considered good	-	0.50
(A)	-	0.50
Prepaid expenses	5.07	7.43
(B)	5.07	7.43
Balance with statutory / government authorities		
Unsecured, considered good	3.93	5.49
(C)	3.93	5.49
Total other non-current assets	(A+B+C) 9.00	13.42

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

(₹ in million)

	March 31, 2022	March 31, 2021
Raw materials	1,477.02	1,267.02
[Includes raw material in transit ₹ 109.56 million (March 31, 2021: ₹ 90.00 million)]		
Work-in-progress	462.18	416.69
Finished goods	46.59	61.49
Stores and spares	0.78	0.29
	1,986.57	1,745.49

Notes to the standalone financial statements

for the year ended March 31, 2022

11 Trade receivables

(₹ in million)

	March 31, 2022	March 31, 2021
Carried at amortised cost		
Receivables from related parties (refer note 41)	113.27	106.56
Other trade receivables	777.40	889.60
Total trade receivables	890.67	996.16

Break-up for security details:

(₹ in million)

	March 31, 2022	March 31, 2021
Trade receivables:		
Unsecured, considered good	884.22	983.00
Trade Receivables which have significant increase in credit risk	46.43	75.31
Trade Receivables - credit impaired	-	-
	930.65	1,058.31
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade Receivables which have significant increase in credit risk	(39.98)	(62.15)
Trade Receivables - credit impaired	-	-
Total trade receivables	890.67	996.16

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

11.1 Trade receivables ageing schedule

(₹ in million)

As at March 31, 2022	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	597.34	248.82	38.06	-	-	-	884.22
Undisputed Trade receivables - which have significant increase in credit risk	-	-	1.53	14.72	9.25	20.93	46.43
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	597.34	248.82	39.59	14.72	9.25	20.93	930.65

Notes to the standalone financial statements

for the year ended March 31, 2022

(₹ in million)

As at March 31, 2021	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	478.03	407.51	96.55	0.83	0.08	-	983.00
Undisputed Trade receivables - which have significant increase in credit risk	-	-	19.33	34.22	16.04	5.72	75.31
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	478.03	407.51	115.88	35.05	16.12	5.72	1058.31

12 Cash and cash equivalents

(₹ in million)

	March 31, 2022	March 31, 2021
Balances with banks:		
- On current accounts	82.17	57.34
- Deposit with original maturity of less than three months	62.00	-
- On exchange earners foreign currency (EEFC) accounts	4.56	46.02
Cash on hand	0.46	1.16
	(A)	104.53
Other bank balances		
Balance with banks		
- On current account ¹	2.89	2.65
- On margin money accounts ²	318.43	325.42
	321.32	328.07
Amount disclosed under other non-current financial assets (refer note 6)	(227.65)	(140.99)
	(227.65)	(140.99)
	(B)	93.67
Total cash and cash equivalents	(A+B)	242.86
		291.61

- Includes balance in unclaimed dividend account ₹ 2.89 million (March 31, 2021: ₹ 2.65 million).
- A charge has been created over the deposits towards various guarantees in favour of customer, statutory authorities and letter of credit facility.
- Balances with banks on current accounts does not earn interest.

Notes to the standalone financial statements

for the year ended March 31, 2022

13 Other current financial assets

(₹ in million)

		March 31, 2022	March 31, 2021
Unsecured, considered good unless otherwise stated			
Carried at amortised cost			
Security deposits - others (refer note 41)		0.61	0.34
	(A)	0.61	0.34
Staff advances		0.98	0.68
Interest accrued on fixed deposits and others		11.23	10.76
Interest accrued on loan to related party (refer note 41)		-	1.44
Unbilled revenue		6.90	-
Scripts receivables		38.79	42.42
	(B)	57.90	55.30
	(A+B)	58.51	55.64

14 Other current assets

(₹ in million)

		March 31, 2022	March 31, 2021
Unsecured considered good			
Prepaid expenses		42.03	37.09
Balance with statutory / government authorities		2.23	19.14
Advance to suppliers and other advances		116.72	87.54
		160.98	143.77

15 Equity share capital

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 01, 2020	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2021	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2022	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, 2020	12,884,841	128.85
Issue of equity shares	-	-
At March 31, 2021	12,884,841	128.85
Issue of equity shares	-	-
At March 31, 2022	12,884,841	128.85

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Notes to the standalone financial statements

for the year ended March 31, 2022

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

Name of Shareholder	March 31, 2022		March 31, 2021	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	6,604,715	51.26%	6,604,715	51.26%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	777,740	6.04%	845,838	6.56%

*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 45.

16 Other equity

(₹ in million)

Securities premium		
Balance as at April 01, 2020		28.07
Balance as at March 31, 2021		28.07
Balance as at March 31, 2022	(A)	28.07
General reserve		
Balance as at April 01, 2020		440.26
Balance as at March 31, 2021		440.26
Balance as at March 31, 2022	(B)	440.26
Retained earnings		
Balance as at April 01, 2020		1,763.10
Profit / (loss) for the year		239.79
Less: Cash dividends		(57.98)
Add: Remeasurement of defined benefit plans (net of tax)		1.02
Balance as at March 31, 2021		1,945.93
Profit / (loss) for the year		117.66
Less: Cash dividends		(25.77)
Add: Remeasurement of defined benefit plans (net of tax)		6.48
Balance as at March 31, 2022	(C)	2,044.30
Share based payments reserve		
Balance as at April 01, 2020		1.62
Add: Options granted during the year		0.49
Balance as at March 31, 2021		2.11
Add: Options granted during the year		0.16
Less: Transferred to capital reserve on forfeiture of stock options		(1.95)
Balance as at March 31, 2022	(D)	0.32

Notes to the standalone financial statements

for the year ended March 31, 2022

Capital reserve		
Balance as at April 01, 2020		1.48
Balance as at March 31, 2021		1.48
Add: Amount transferred on forfeiture of share options		1.95
Balance as at March 31, 2022	(E)	3.43
Total other equity	(A+B+C+D+E)	
Balance as at March 31, 2021		2,417.85
Balance as at March 31, 2022		2,516.38

Nature and purpose of reserves

Securities Premium

Securities Premium Reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

Retained earnings

Retained Earnings are the profits of the Company earned till date net of appropriations.

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 45 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.

17 Distribution made and proposed

(₹ in million)

	March 31, 2022	March 31, 2021
Dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: ₹ 2.50 per share)	25.77	32.21
Interim dividend for the year ended on March 31, 2022: ₹ Nil per share (March 31, 2021: ₹ 2 per share)	-	25.77
	25.77	57.98
Proposed dividend on equity shares^{1,2}		
Final dividend for the year ended on March 31, 2022: ₹ 2.50 per share (March 31, 2021: ₹ 2 per share)	32.21	25.77
	32.21	25.77

- Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31st.
- The Board of Directors of the Company at its meeting held on May 24, 2022 had recommended a final dividend of 25 % (i.e. ₹. 2.50 per equity share) for the year ended March 31, 2022 which is in compliance with Section 123 of the Companies Act, 2013.

Notes to the standalone financial statements

for the year ended March 31, 2022

18 Non-current financial liabilities: Borrowings

(₹ in million)

	March 31, 2022	March 31, 2021
Term loan		
From bank		
Foreign currency term loan (secured) (refer note 21 for details of Current maturities of long term borrowings) ¹	-	-
From Financial Institution		
Indian rupee term loan (unsecured) (refer note 21 for details of Current maturities of long term borrowings) ²	-	113.98
	-	113.98
The above amount includes		
Secured borrowings	-	-
Unsecured borrowings	-	113.98
	-	113.98

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 carried an interest rate of 4.25% p.a. on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017. The loan is repayable in next one year and hence been classified under current maturities of long term borrowings. The loan have been repaid entirely during the year March 31, 2022.

2. The Indian rupee term loan of ₹ Nil (March 31, 2021: ₹ 136.57 million) including current maturity of ₹ Nil (March 31, 2021: ₹ 38.28 million) from a Financial Institution carried an interest rate of 12% p.a on the outstanding amount of loan payable. The term loan was repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of ₹ Nil (March 31, 2021: ₹ 32.61 million) including current maturity of ₹ Nil (March 31, 2021 : ₹ 16.92 million) from a Financial Institution carried an interest rate of 11.75% p.a on the outstanding amount of loan payable. The term loan was repayable in Thirty Six equal monthly instalments from February 2020. The loans were secured by :

- (a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.
- (b) Personal Guarantee of Mrs.Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan.
- (c) 4 undated cheques ('UDC') for ₹ 50.00 Million each and 4 undated cheques of ₹ 12.5 million each respectively.
- (d) 3 post dated cheques ('PDC') for ₹ 4.45 Million each and 2 electronic clearing service mandate form with undertaking for ₹ 1.66 million each.
- (e) Invest in SIP-MF (Debt Fund) of ₹ 0.5 Million per month for 24 months.

The loans have been repaid entirely during the year ended March 31, 2022.

Notes to the standalone financial statements

for the year ended March 31, 2022

19 Government grants

(₹ in million)

	March 31, 2022	March 31, 2021
At April 1	42.31	20.14
Received during the year	-	32.12
Released to the statement of profit and loss	(7.87)	(9.95)
At March 31	34.44	42.31
Current	7.87	7.87
Non - current	26.57	34.44
	34.44	42.31

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.

20 Net non-current employee defined benefit liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for gratuity (refer note 42)	56.39	55.38
	56.39	55.38

21 Current financial liabilities: Borrowings

(₹ in million)

	March 31, 2022	March 31, 2021
From Banks		
Indian rupee short term loan (secured) ¹	70.00	199.46
Cash credit and overdraft (secured) ²	78.42	66.93
Packing credit loan (secured) ²	545.14	638.85
Foreign currency non-repatriable (FCNR) loan (secured) ²	283.70	291.31
Current maturities of long term borrowing ³ (refer note 18)	-	81.23
Interest payable	2.19	5.24
	979.45	1,283.02
The above amount includes		
Secured borrowings	979.45	1,283.02
Unsecured borrowings	-	-
	979.45	1,283.02

- Secured Indian rupee short term loan from a bank carries interest at 8.70% p.a. (March 31, 2021: 11.28% p.a). The loan is secured by way of:
 - Charge on current assets including stock and receivables of the Company;
 - Charge on plant and machinery and furniture and fixture of the Company; and
 - 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.
 - Cash collateral to the tune of ₹ 50.00 million.

Notes to the standalone financial statements

for the year ended March 31, 2022

2. Cash credit and overdraft from banks, packing credit, FCNR loan 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 present and future fixed assets pari passu first charge with other banks;
 - (c) Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and
 - (d) Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

The rate of interest of Cash credit and overdraft from banks ranges from 9.70% to 9.85% p.a. (March 31, 2021: 9.70% to 10.80% p.a). The rate of interest of Packing credit from banks ranges from 2.15% to 3.35% p.a. (March 31, 2021: 2.22% to 4.09% p.a.) and that of FCNR ranges from 3.82% to 4.31% p.a. (March 31, 2021: 3.84% to 5.46% p.a.) payable on monthly basis.

3. The details of current maturities of long term borrowings are as follows:

	March 31, 2022	March 31, 2021
Term loan		
From bank		
Foreign currency term loan (secured)	-	26.03
From Financial Institution		
Indian rupee term loan (unsecured)	-	55.20
	-	81.23

4. The quarterly returns or statements filed by the Company with banks or financial institutions towards sanction of working capital limits are in agreement with the books of account of the Company.
5. The Company has not been declared as a wilful defaulter by any banks or financial institutions.
6. The Company has not defaulted in repayment of borrowings or in the payment of interest thereon to banks or financial institutions.

22 Financial liabilities: Trade payables

(₹ in million)

	March 31, 2022	March 31, 2021
Carried at amortised cost		
Trade payables	696.33	522.44
Trade payables to related parties (refer note 41)	29.90	69.89
	726.23	592.33
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	51.90	50.89
Total outstanding dues of creditors other than micro enterprises and small enterprises	674.33	541.44
	726.23	592.33

- 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,

Notes to the standalone financial statements

for the year ended March 31, 2022

if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The Company has not received any claim for interest from any supplier as at balance sheet date. The disclosure pursuant to the said Act is as under:

	March 31, 2022	March 31, 2021
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	51.90	50.89
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, 2022: Nil, March 31, 2021: 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.	-	0.01
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.01	0.01

b) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Company's currency and liquidity risk, refer to note 47(d).
- The dues to related parties are unsecured

22.1 Trade payable ageing schedule

As at March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed dues of micro enterprises and small enterprises	50.36	0.46	0.32	0.76	51.90
Undisputed dues of creditors other than micro enterprises and small enterprises	667.57	1.07	0.08	1.68	670.40
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	3.93	3.93
Total	717.93	1.53	0.40	6.37	726.23

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for the year ended March 31, 2022

As at March 31, 2021

(₹ in million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed dues of micro enterprises and small enterprises	50.10	0.34	-	0.45	50.89
Undisputed dues of creditors other than micro enterprises and small enterprises	515.60	5.66	3.00	13.25	537.51
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	3.93	3.93
Total	565.70	6.00	3.00	17.63	592.33

* There are certain vendors who have been registered as micro enterprises and small enterprises and the ageing disclosed above is based on the amount outstanding to them and not on the basis of their registration as micro enterprises and small enterprises.

23 Other current financial liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Other financial liabilities		
At fair value through profit or loss		
Fair value hedges		
Interest rate swap (refer note 50)	-	0.15
At amortised cost		
Unpaid dividends (refer note 12)	2.89	2.65
Accrued salaries and benefits (refer note 41)	80.91	76.30
Payable for capital goods (refer note 41)	-	12.63
Interest others	0.68	0.68
	84.48	92.41

24 Other current liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Advance from customers	733.50	353.01
Deferred revenue	95.64	86.94
Withholding and other taxes / duties payable	29.10	29.04
Other liabilities	0.40	0.40
	858.64	469.39

25 Net current employee defined benefit liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for gratuity (refer note 42)	6.48	6.26
	6.48	6.26

26 Provisions

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for compensated absences	25.26	32.94
	25.26	32.94

Notes to the standalone financial statements

for the year ended March 31, 2022

27 Liabilities for current tax (net)

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for taxation, net of advance tax	30.02	75.90
	30.02	75.90

28 Revenue from operations

(₹ in million)

	March 31, 2022	March 31, 2021
Sale of products (refer note 41)	3,438.68	4,132.47
Sale of services (refer note 41)	28.20	46.33
Other operating revenues		
Sale of scrips	-	46.01
Management fees	1.02	0.92
Sales commission	12.21	19.54
	3,480.11	4,245.27

Notes to revenue from contracts with customers:

a) Timing of rendering of services - March 31, 2022

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	3,438.68	-	3,438.68
Sale of services	-	28.20	28.20
Management fees	-	1.02	1.02
Sales commission	12.21	-	12.21
Total	3,450.89	29.22	3,480.11

Timing of rendering of services - March 31, 2021

(₹ in million)

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

b) Contract Balances:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Receivables (refer note 11)		
- Current (Gross)	930.65	1,058.31
- Provision for impairment loss (current)	(39.98)	(62.15)
Contract Liabilities* (refer note 24)		
Advance received from customers		
- Current	733.50	353.01
Deferred Revenue		
- Current	95.64	86.94

* 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

Notes to the standalone financial statements

for the year ended March 31, 2022

Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

c) Revenue recognised during the year (₹ in million)

Particulars	March 31, 2022	March 31, 2021
Arising out of contract liabilities as at the beginning of the year	119.05	444.37

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2021 : ₹ Nil).

29 Other income (₹ in million)

	March 31, 2022	March 31, 2021
Government grants (refer note 19)	7.87	9.95
Rental income (refer note 44a)	3.03	3.03
Provisions / liabilities no longer required, written back	17.29	1.82
Fair value gain on financial instruments (refer note 23)	0.15	2.17
Other non-operating income	1.96	2.02
	30.30	18.99

30 Finance income (₹ in million)

	March 31, 2022	March 31, 2021
Interest income on bank deposits	14.67	17.62
Interest income on loan to related party (refer note 41)	1.60	1.60
Interest income - income tax refund	11.20	-
Interest income - others	0.29	0.39
	27.76	19.61

31 Cost of materials consumed (₹ in million)

	March 31, 2022	March 31, 2021
Inventory at the beginning of the year	1,267.31	1,547.54
Add: Purchases (refer note 41)	2,273.83	2,067.92
	3,541.14	3,615.46
Less: Inventory at the end of the year	(1,477.80)	(1,267.31)
Cost of materials consumed	2,063.34	2,348.15

32 (Increase) / decrease in inventories of work-in-progress and finished goods (₹ in million)

	March 31, 2022	March 31, 2021
Inventories at the end of the year	508.77	478.18
- Work-in-progress / finished goods		
Inventories at the beginning of the year	478.18	656.52
- Work-in-progress / finished goods		
(Increase) / decrease in inventories of work-in-progress and finished goods	(30.59)	178.34

Notes to the standalone financial statements

for the year ended March 31, 2022

33 Employee benefits expense

(₹ in million)

	March 31, 2022	March 31, 2021
Salaries, wages and bonus (refer note 41)	577.67	580.62
Contribution to provident and other funds (refer note 42a)	33.45	33.80
Employee share based compensation cost (refer note 45)	0.16	0.49
Gratuity expenses (refer note 42b)	17.36	16.08
Staff welfare expenses	48.85	47.54
	677.49	678.53

34 Finance costs

(₹ in million)

	March 31, 2022	March 31, 2021
Interest on debt and borrowings	57.23	113.40
Bank charges	49.65	46.28
Exchange differences regarded as an adjustment to borrowing cost	33.91	2.58
Interest on lease liabilities	2.75	4.06
Interest on income tax	2.55	7.49
	146.09	173.81

35 Depreciation and amortisation expenses

(₹ in million)

	March 31, 2022	March 31, 2021
Depreciation of tangible assets (refer note 3)	141.03	133.45
Amortisation of intangible assets (refer note 4)	14.89	16.38
Depreciation of Right-of-use assets (refer note 44a)	8.96	8.38
	164.88	158.21

36 Other expenses

(₹ in million)

	March 31, 2022	March 31, 2021
Rent and lease hire charges (refer note 41 and 44a)	7.18	9.67
Rates and taxes	5.79	7.01
Power and fuel	54.32	52.60
Repairs and maintenance	57.13	55.08
Insurance	19.46	18.97
Legal and professional fees (includes payment to auditor (refer details below)) (refer note 41)	74.23	51.94
Travelling and conveyance	19.05	8.04
Purchase of services (refer note 41)	39.40	70.84
Corporate social responsibility expenditure (refer note 52)	6.81	4.71
Freight outwards	15.65	25.09
Foreign exchange differences (net)	6.24	9.98
Loss on sale of property, plant and equipment	0.92	-
Provision for expected credit loss / bad debts written off (refer note 47(c))	-	65.44
Directors' sitting fees (refer note 41)	4.33	5.02
Miscellaneous expenses	34.33	31.19
	344.84	415.58

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for the year ended March 31, 2022

Payment to auditor (exclusive of taxes) (₹ in million)

	March 31, 2022	March 31, 2021
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	0.30	0.44
	5.50	5.64

37 Exceptional items (net) (₹ in million)

	March 31, 2022	March 31, 2021
Impairment of receivables from associate (refer note 5(1b) and note 41)	(18.36)	-
	(18.36)	-

38 Income tax

The Company is subject to income tax in India on the basis of standalone financial statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Company has accounted deferred tax asset based on the reduced applicable tax rates.

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

(₹ in million)

	March 31, 2022	March 31, 2021
(a) Current tax	55.00	79.43
(b) Adjustment of tax relating to earlier period	(9.38)	2.69
(c) Deferred tax expense / (credit)	(9.52)	9.34
(d) Deferred tax expense / (credit) related to items recognized in OCI during the period	2.63	0.41
Total taxes	38.73	91.87

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, 2022	March 31, 2021
Profit before taxes	153.76	331.25
Applicable tax rates in India	25.17%	25.17%
Computed tax charge	38.70	83.37
Tax effect on permanent non-deductible expenses	2.36	3.10
Impact on account of change in tax provision	-	2.76
Adjustment of tax relating to earlier years	(9.38)	2.69
Others	7.05	(0.05)
Total Tax expenses	38.73	91.87
Income tax reported in the statement of profit and loss	38.73	91.87
	-	-

Notes to the standalone financial statements

for the year ended March 31, 2022

39 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, 2022	March 31, 2021
Face value of equity shares (₹ per share)	10	10
Profit attributable to equity shareholders (A) (₹ in million)	117.66	239.79
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,841	12,884,841
EPS - basic (A/B) (₹)	9.13	18.61
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,841	12,884,841
Add: Effect of dilutive issues of stock options	10,279	9,474
Weighted average number of equity shares used for computing EPS (diluted) (C)	12,895,120	12,894,315
EPS - diluted (A/C) (₹)	9.12	18.60

40 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non current asset including goodwill and investments, taxes, fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits), provision for inventory obsolescence and leases - estimating the incremental borrowing rate.

(i) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone Ind AS financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non current asset including goodwill and investments

Determining whether investment and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on DCF model. Further, the cash flow projections are based on estimates and assumptions which are considered as reasonable by the management.

Notes to the standalone financial statements

for the year ended March 31, 2022

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 38 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 47 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 42.

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.

Notes to the standalone financial statements

for the year ended March 31, 2022

41 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 Synergies SARL** Centum Adetel Solution Centum Adetel Equipment Centum Adeneo India Private Limited Centum Adeneo Belgium
Associate Companies	HOLIWATT (formerly known as Centum Adetel Transportation SAS*) Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director Mrs. Swarnalatha Mallavarapu - Director Mr. Nikhil Mallavarapu - Director Mr. S Krishnan - Independent Director (retired w.e.f August 14, 2021) Mr. Pranav Kumar Patel - Independent Director Mr. Rajiv C Mody - Independent Director Mr. Manoj Nagrath - Independent Director Mr. Thiruvengadam P - Independent Director Mr. K S Desikan - Chief Financial Officer Mrs. Kavitha Dutt - Independent Women Director Mr. Nagaraj K.V - Company Secretary (resigned w.e.f March 10, 2022) Mrs. Indu H S - Company Secretary (appointed w.e.f May 24, 2022)

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020. Further, during the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to Forsee Power and accordingly it has ceased to become an associate.

** Centum Adetel Synergies SARL has been merged with Centum Adeneo SAS w.e.f; April 01, 2021

Notes to the standalone financial statements

for the year ended March 31, 2022

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

Particulars	(₹ in million)	
	March 31, 2022	March 31, 2021
i) Sale of products		
Subsidiary companies		
- Centum Adeneo SAS	27.52	9.00
- Centum Adetel Equipment	187.98	193.99
- Centum Adeneo India Private Limited	2.17	-
Associate Companies		
- HOLIWATT	-	8.24
ii) Sale of services		
Subsidiary company		
- Centum Adeneo India Private Limited	0.17	0.64
iii) Other income / Finance income		
Subsidiary company		
- Centum Adeneo India Private Limited	1.60	1.60
iv) Purchase of goods and services		
Subsidiary companies		
- Centum Adeneo SAS	19.36	45.64
- Centum Adetel Equipment	5.43	8.35
- Centum Adeneo India Private Limited	0.92	1.64
Associate Company		
- HOLIWATT	-	0.55
v) Purchase of services		
Subsidiary companies		
- Centum Adeneo India Private Limited	-	6.03
- Centum Adeneo SAS	-	8.78
vi) Lease rental paid		
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)		
- Centum Industries Private Limited	0.57	0.57
vii) Purchase of property, plant and equipment lying in Capital work-in-progress		
Subsidiary company		
- Centum Adeneo India Private Limited	-	10.76
viii) Expense incurred by the Company on behalf of:		
Subsidiary companies		
- Centum Electronics UK Limited	1.94	1.04
- Centum Adetel Group SA	3.75	-
- Centum Adetel Solution	3.08	-
- Centum Adeneo India Private Limited	0.28	-

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Particulars	(₹ in million)	
	March 31, 2022	March 31, 2021
ix) Exceptional items - Impairment of receivables		
Associate Company		
- HOLIWATT	18.36	-
x) Remuneration to key managerial personnel and their relatives		
a) Employee benefit expenses (including employee share based payments)(refer (i) below)		
- Mr. Apparao V Mallavarapu	8.97	16.34
- Mr. Nikhil Mallavarapu	10.42	16.20
- Mr. K S Desikan	8.43	8.06
- Mr. Nagaraj K.V	1.67	1.57
b) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.28	0.77
- Mr. Rajiv C Modi	0.59	0.66
- Mr. Pranav Kumar Patel	0.74	0.77
- Mr. Manoj Nagrath	0.74	0.77
- Mr. Thiruvengadam P	0.74	0.77
- Mrs.V Kavitha Dutt	0.62	0.66
- Mrs. Swarnalatha Mallavarapu	0.62	0.62
xi) Investment made in equity shares subsidiary company		
- Centum Electronics UK Limited	-	139.15
xii) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Subsidiary companies		
- Centum Adeneo SAS	25.20	5.67
- Centum Adeneo India Private Limited	2.25	0.03
- Centum Adetel Equipment	85.82	91.53
Associate Company		
- HOLIWATT	-	9.33
b) Trade payables - Current		
Subsidiary companies		
- Centum Adeneo SAS	16.09	47.54
- Centum Adetel Equipment	3.79	12.25
- Centum Adetel Group SA	3.75	-
- Centum Electronics UK Limited	-	0.97
- Centum Adetel Solution	3.08	-
- Centum Adeneo India Private Limited	-	5.09
Associate Company		
- HOLIWATT	-	0.54

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Particulars	(₹ in million)	
	March 31, 2022	March 31, 2021
Payable to Key managerial personnel		
- Mr. S Krishnan	0.19	0.50
- Mr. Rajiv C Modi	0.50	0.50
- Mr. Pranav Kumar Patel	0.50	0.50
- Mr. Manoj Nagrath	0.50	0.50
- Mr. Thiruvengadam P	0.50	0.50
- Mrs.V Kavitha Dutt	0.50	0.50
- Mrs. Swarnalatha Mallavarapu	0.50	0.50
c) Other current financial liabilities - Payable for capital goods		
Subsidiary company		
- Centum Adeneo India Private Limited	-	8.11
d) Other non - current financial assets - Loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	20.00	20.00
e) Other current financial assets - Interest accrued on loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	-	1.44
f) Other non - current financial asset - Security deposit		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
g) Other current financial liabilities - Accrued salaries and benefits-payable		
- Mr. Apparao V Mallavarapu	0.48	8.75
- Mr. Nikhil Mallavarapu	0.54	7.45
- Mr. K S Desikan	1.71	1.02
- Mr. Nagaraj K.V	0.15	0.15
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 18)		
- Mrs Swarnalatha Mallavarapu	-	250.00

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

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

Share based payments plan	Exercise price	March 31, 2022	March 31, 2021
		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 Company. Refer to Note 45 for further details on the scheme.

Notes to the standalone financial statements

for the year ended March 31, 2022

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 18 and 21 for long term borrowings and short term borrowings respectively with regard to security given by related parties for loans availed by the Company.

42 Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Company's contribution to provident fund, Employees' State Insurance and other funds are considered as defined contribution plans. The contributions are charged to the standalone Ind AS statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expense (refer note 33) are as under:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Contribution to provident fund	29.15	29.47
Contribution to employees' state insurance	4.30	4.33
	33.45	33.80

b) Defined benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the standalone Ind AS statement of profit or loss and amounts recognised in the standalone balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the standalone Ind AS statement of profit and loss)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Current service cost	13.09	12.52
Interest cost on defined benefit obligation	4.27	3.56
Net benefit expenses	17.36	16.08

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

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(3.47)	(11.33)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	0.00	(1.41)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(5.64)	11.31
Actuarial (gain)/ loss recognised in OCI	(9.11)	(1.43)

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

Particulars	March 31, 2022	March 31, 2021
Defined benefit obligation	(62.87)	(61.64)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	(62.87)	(61.64)

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

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	61.64	51.19
Current service cost	13.09	12.52
Benefits paid	(7.02)	(4.20)
Interest cost on the defined benefit obligation	4.27	3.56
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(3.47)	(11.33)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	-	(1.41)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(5.64)	11.31
Closing defined benefit obligation	62.87	61.64

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

Particulars	March 31, 2022	March 31, 2021
Within the next 12 months	6.48	6.26
Between 1 and 2 years	2.78	2.54
Between 2 and 3 years	2.85	2.80
Between 3 and 4 years	3.96	3.71
Between 4 and 5 years	3.27	3.90
Beyond 5 years	26.70	22.89

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2021: 10 years)

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

Particulars	March 31, 2022	March 31, 2021
Discount rate (in %)	7.12%	6.57%
Salary escalation rate (in %)	10.00%	10.00%
Employee Turnover/ Withdrawal Rate	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%
Retirement age	60 years	60 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	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.

Notes to the standalone financial statements

for the year ended March 31, 2022

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 is as shown below:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(5.54)	(5.94)
Impact on defined benefit obligation due to 1% decrease in discount rate	6.56	6.18
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	3.22	4.28
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.20)	(3.46)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.24)	(0.18)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.41	0.04

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.

43 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

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

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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 Electronics System Design and Manufacturing ("ESDM"). Therefore, there is only one reportable segment called ESDM in accordance with the requirement of Ind AS 108 "Operating Segments".

(b) Geographical information

(₹ in million)

	Segment revenue*		Non-current assets**	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
India	2,030.73	1,888.80	1,149.81	1,239.24
Europe and UK	1,025.43	1,699.78	-	-
North America	321.56	526.67	-	-
Rest of the world	102.39	130.02	-	-
Total	3,480.11	4,245.27	1,149.81	1,239.24

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

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

- (c) Combined revenue from four external customer group having more than 10% each of the company's total revenue amounting to ₹ 2,378.41 million (March 31, 2021: Combined revenue from three external customer group having more than 10% each of the company's total revenue amounting to ₹ 2,528.03 million).

44 Leases , commitments and contingencies

(a) Leases

I. Company as a lessee

The Company has lease contracts for office facilities and equipment. The lease term of the office facilities and for equipment is generally 3 - 5 years .The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases of computer and computer equipments with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Notes to the standalone financial statements

for the year ended March 31, 2022

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

(₹ in million)

	Office Buildings	Plant Machinery	Leased Computer	Total
Gross block				
As at April 1, 2020	7.40	12.72	6.95	27.07
Additions	-	24.38	-	24.38
As at March 31, 2021	7.40	37.10	6.95	51.45
Additions	1.10	-	-	1.10
As at March 31, 2022	8.50	37.10	6.95	52.55
Accumulated depreciation				
As at April 1, 2020	2.58	0.27	3.29	6.14
Charge for the year	2.47	3.60	2.31	8.38
As at March 31, 2021	5.05	3.87	5.60	14.52
Charge for the year	2.87	4.74	1.35	8.96
As at March 31, 2022	7.92	8.61	6.95	23.48
Net block as at March 31, 2022	0.58	28.49	-	29.07
Net block as at March 31, 2021	2.35	33.23	1.35	36.93

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

(₹ in million)

	As at
As at April 1, 2020	29.75
Additions to right-of-use assets	24.38
Utilisation of capital advance	(6.97)
Accretion of Interest	4.06
Payments	(18.92)
As at March 31, 2021	32.30
Additions to right-of-use assets	1.10
Accretion of Interest	2.75
Payments	(22.80)
As at March 31, 2022	13.35

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Current	11.80	19.71
Non Current	1.55	12.59

The maturity analysis of lease liabilities are disclosed in note 47(d).

The effective interest rate for lease liabilities is 12 %.

The following are the amounts recognised in profit or loss:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets	8.96	8.38
Interest expense on lease liabilities	2.75	4.06
Expense relating to leases of low-value assets / short term leases (included in other expenses) (refer note 36)	7.18	9.67
Total amount recognised in profit or loss	18.89	22.11

The Company had total cash outflows for leases of ₹ 29.98 million in March 31, 2022 (March 31, 2021 : ₹ 28.59 million)

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II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

The following amounts recognised in the standalone Ind AS statement of profit and loss

	(₹ in million)	
Particulars	March 31, 2022	March 31, 2021
Rental Income (refer note 29)	3.03	3.03
	3.03	3.03

(b) Commitments

(i) Capital commitments

	(₹ in million)	
Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.55	22.65

(ii) Power purchase agreement

The Company has commitment in nature of variable lease payment towards purchase of solar and wind power with various parties whereby the Company has committed to purchase and supplier has committed to sell contracted quantity of solar and wind power for period as defined in the power purchase agreements.

(c) Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

	(₹ in million)	
(i) Particulars of guarantees	March 31, 2022	March 31, 2021
Bank guarantees*	28.65	31.11

* Excludes performance bank guarantees given to various customers as the management is of the view that the same is not required to be disclosed here.

- (ii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

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- (iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- (iv) The Company is involved in legal proceedings, both as plaintiff and as defendant. The Company believes the following claims to be material.

(₹ in million)

Disputes *	March 31, 2022	March 31, 2021
<u>Matters relating to income taxes under dispute</u>		
- Income tax	46.44	48.34
<u>Matters relating to indirect taxes under dispute:</u>	143.34	100.13
<u>Others:</u>		
- Stamp duty levy	16.28	16.28
- Property tax	5.89	-
Claims against the Company not acknowledged as debts	5.78	5.78

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Company is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Company's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its standalone Ind AS financial statements. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

45 Share-based payments

A Description of the share based payment arrangements

The Company has following share based payment arrangements:

(i) Share option plans (equity settled)

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

- (a) The Centum ESOP - 2013 plan was approved by the directors of the Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or its subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or its 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:

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for the year ended March 31, 2022

	Year ended March 31, 2022	Year ended March 31, 2021
	Centum ESOP - 2013	Centum ESOP - 2013
Fair value at grant date	₹ 11.65 - ₹ 277.30	₹ 11.65 - ₹ 277.30
Share price at grant date	₹ 71.25 & ₹ 637.05	₹ 71.25 & ₹ 637.05
Weighted average exercise price (WAEP)	₹ 71.25	₹ 279.42
Dividend yield (%)	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%

C Movements during the year

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

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2021	19,026	279.42	19,026	279.42
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	7,000	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding at March 31, 2022	12,026	71.25	19,026	279.42
Exercisable at year end	12,026	71.25	17,276	243.19

The options outstanding as at March 31, 2022 had an exercise price of ₹ 71.25 (March 31, 2021: ₹ 279.42) and the weighted average remaining contractual life of 4.01 years (March 31, 2021: 7.21 years).

D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in million)

	March 31, 2022	March 31, 2021
Expense arising from equity settled share based payment transaction (refer note 33)	0.16	0.49

E The Company had granted stock options to employees of Centum Rakon India Private Limited under ESOP plans as detailed in note 45(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.

46 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.

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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 borrowings divided by total capital plus total borrowings. 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, 2022	March 31, 2021
Borrowings (refer note 18 and 21)	979.45	1,397.00
Less: Cash and cash equivalents (refer note 12)	149.19	104.53
Total borrowings (i)	830.26	1,292.47
Capital components		
Equity share capital (refer note 15)	128.85	128.85
Other equity (refer note 16)	2,516.38	2,417.85
Total Capital (ii)	2,645.23	2,546.70
Capital and borrowings (iii = i + ii)	3,475.49	3,839.17
Gearing ratio (i / iii)	24%	34%

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, 2022 and March 31, 2021.

47 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2022 and March 31, 2021.

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for the year ended March 31, 2022

As at March 31, 2022

(₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	890.67	890.67	890.67
(iii) Cash and cash equivalents	-	-	149.19	149.19	149.19
(iv) Bank balances other than cash and cash equivalents	-	-	321.32	321.32	321.32
(v) Loans and other financial assets	-	-	99.35	99.35	99.35
Total	13.26	-	1,460.53	1,473.79	1,473.79
Financial liabilities					
(i) Borrowings	-	-	979.45	979.45	979.45
(ii) Lease Liabilities	-	-	13.35	13.35	13.35
(iii) Trade payables	-	-	726.23	726.23	726.23
(iv) Other financial liabilities	-	-	84.48	84.48	84.48
Total	-	-	1,803.51	1,803.51	1,803.51

As at March 31, 2021

(₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	22.58	-	-	22.58	22.58
(ii) Trade receivables	-	-	996.16	996.16	996.16
(iii) Cash and cash equivalents	-	-	104.53	104.53	104.53
(iv) Bank balances other than cash and cash equivalents	-	-	328.07	328.07	328.07
(v) Other financial assets	-	-	96.50	96.50	96.50
Total	22.58	-	1,525.26	1,547.84	1,547.84
Financial liabilities					
(i) Borrowings	-	-	1,397.00	1,397.00	1,397.00
(ii) Lease Liabilities	-	-	32.30	32.30	32.30
(iii) Trade payables	-	-	592.33	592.33	592.33
(iv) Derivative instrument - Interest rate swap	-	0.15	-	0.15	0.15
(v) Other financial liabilities	-	-	92.26	92.26	92.26
Total	-	0.15	2,113.89	2,114.04	2,114.04

(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:

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for the year ended March 31, 2022

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.

Particulars	(₹ in million)			
	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2022				
Financial assets				
Investments (other than investments in subsidiaries)	13.26	-	-	13.26
Financial liabilities				
Borrowings	979.45	-	979.45	-
March 31, 2021				
Financial assets				
Investments (other than investments in subsidiaries)	22.58	9.32	-	13.26
Financial liabilities				
Borrowings	1,397.00	-	1,397.00	-
Derivative instrument - Interest rate swap	0.15	-	0.15	-

- (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, 2021 and March 31, 2022.

(c) Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Notes to the standalone financial statements

for the year ended March 31, 2022

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:

Particulars	Increase / decrease in basis points	Effect on profit before tax
		(₹ in million)
March 31, 2022		
	+50	(4.89)
	-50	4.89
March 31, 2021		
	+50	(5.00)
	-50	5.00

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 (refer note 53)

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
		(₹ in million)	
March 31, 2022			
USD	5%	(40.46)	40.46
EURO	5%	(1.01)	1.01
March 31, 2021			
USD	5%	(27.66)	27.66
EURO	5%	(0.61)	0.61

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2022 and March 31, 2021. The period end balances are not necessarily representative of the average debt outstanding during the period.

Notes to the standalone financial statements

for the year ended March 31, 2022

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, investments, cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 1,473.79 million and ₹ 1,547.84 million as at March 31, 2022 and March 31, 2021 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in subsidiaries and joint ventures) and other financial assets.

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. Further, the top 5 customer group of the Company contribute to more than 49% of the trade receivables for the year ended March 31, 2022 and more than 66% of the trade receivables during the year ended March 31, 2021.

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:

Particulars	March 31, 2022	March 31, 2021
Opening balance	(62.15)	112.51
Amount provided/ (reversed) during the year	(13.28)	65.44
Amount utilised during the year	(8.89)	(177.95)
Closing provision	39.98	62.15

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

Notes to the standalone financial statements

for the year ended March 31, 2022

(₹ in million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2022				
Borrowings	979.45	-	-	979.45
Lease liabilities	11.80	1.55	-	13.35
Trade payables	726.23	-	-	726.23
Other financial liabilities	84.48	-	-	84.48
	1,801.96	1.55	-	1,803.51
March 31, 2021				
Borrowings	1,283.91	113.98	-	1,397.89
Lease liabilities	19.71	12.70	-	32.41
Trade payables	592.33	-	-	592.33
Other financial liabilities	92.41	-	-	92.41
	1,988.36	126.68	-	2,115.04

48 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.22	1.25	-2%	-
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.37	0.55	-33%	Improvement is on account of repayment of long term borrowings and reduction in working capital borrowings.
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.74	1.01	-27%	Decrease is on account of repayment of long term borrowings and reduction in working capital borrowings.
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.05	0.10	-54%	Decrease is on account of reduction in profits due to decline in revenue from operations
Inventory Turnover ratio	Cost of materials consumed + Decrease / (increase) in inventories of work-in-progress and finished goods	Average Inventory	1.09	1.28	-15%	-
Trade Receivable Turnover Ratio	Revenue from operations	Average Trade Receivable	3.69	3.15	17%	-
Trade Payable Turnover Ratio	Purchases made during the year	Average Trade Payables	3.97	2.87	38%	Increase is due to increase in purchases of raw material to meet the demand in the upcoming year and payment of trade payables.
Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets – Current liabilities	5.71	6.50	-12%	-

Notes to the standalone financial statements

for the year ended March 31, 2022

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Net Profit ratio	Net Profits after taxes	Net sales = Total sales - sales return	0.03	0.06	-40%	Decrease is on account of reduction in profits due to decline in revenue from operations
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total borrowings	0.08	0.13	-39%	Decrease is on account of reduction in profits due to decline in revenue from operations
Return on Investment	NA	NA	NA	NA	NA	

49 Interest in significant investment in subsidiaries and associates as per Ind AS - 27

Name of the entity	Relationship as at		Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Date of incorporation	Country of incorporation/ place of business
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
Centum Adeneo India Private Limited	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	Dec 06, 2016	India
Centum Electronics UK Limited	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	May 18, 2016	United Kingdom

Note:

- 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.
- The above disclosure made do not include step down subsidiaries and associates and are with respect to subsidiaries and associates existing as at March 31, 2022.

50 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, 2022	March 31, 2021
Derivative instrument - Interest rate swap (refer note 23)	-	0.15

- 51 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, 2022, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Notes to the standalone financial statements

for the year ended March 31, 2022

52 Corporate social responsibility expenses

(₹ in million)

Particulars		March 31, 2022	March 31, 2021
a) Gross amount required to be spent by the Company during the year		6.81	4.59
b) Amount approved by the Board to be spent during the year		6.81	4.71
c) Amount spent during the year ending March 31, 2022 :	In Cash	Yet to be in cash	Total
i) Construction/acquisition of any assets		-	-
ii) On purposes other than (i) above	6.81	-	6.81
d) Amount spent during the year ending March 31, 2021 :	In Cash	Yet to be in cash	Total
i) Construction/acquisition of any assets		-	-
ii) On purposes other than (i) above	4.71	-	4.71
e) Details related to spent / unspent obligations :			
i) Contribution to Public Trust		3.11	4.71
ii) Contribution to Charitable Trust		3.70	-
iii) Unspent amount in relation to :			
- Ongoing project		-	-
- Other than Ongoing project		-	-

Details other than ongoing project

Opening balance	Amount deposited in Specified Fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	6.81	6.81	-

53 Unhedged foreign currency exposure:

Particulars	Currency	March 31, 2022		March 31, 2021	
		Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Borrowings (including short term borrowing and long term borrowing)	USD	10.96	828.86	10.42	759.90
Trade payables	EUR	0.53	44.60	0.62	53.30
	GBP*	0.00	0.15	0.10	9.63
	USD	5.85	442.59	4.32	314.93
Trade receivables	EUR	0.28	23.82	0.47	40.01
	GBP	-	-	0.01	0.71
	USD	6.05	457.29	6.50	474.30
Cash and cash equivalents	EUR	0.01	0.50	0.01	1.12
	GBP**	-	-	0.00	0.17
	USD	0.07	4.99	0.65	47.39

** March 31, 2022 : GBP 1,206

** March 31, 2022 : Nil (March 31, 2021 : GBP 1,714.75)

Notes to the standalone financial statements

for the year ended March 31, 2022

54 Pursuant to the ongoing COVID-19 pandemic, the Company has made a detailed assessment of its liquidity position as at the date of approval of these standalone Ind AS 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, investments and other assets as at the reporting date and has concluded that there are no material adjustments required in the standalone Ind AS financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the standalone Ind AS financial statements.

55 As at March 31, 2022, trade payables amounting to ₹ 9.22 million, advance from customers amounting to ₹ 47.27 million and trade receivables amounting to ₹ 9.64 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'). Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these standalone Ind AS financial statements in this regard.

56 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

Notes to the standalone financial statements

for the year ended March 31, 2022

57 Events after reporting period

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting. Refer note 17 for details.

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

59 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these standalone Ind AS financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date.

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

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership number: 061207

For and on behalf of Board of Directors of

Centum Electronics Limited

Apparao V Mallavarapu

Chairman and Managing Director

DIN: 00286308

Indu H S

Company Secretary

Membership number: A35306

Nikhil Mallavarapu

Director

DIN: 00288551

K.S. Desikan

Chief Financial Officer

Place : Bengaluru

Date : May 24, 2022

Place : Bengaluru

Date : May 24, 2022

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, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and its 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, 2022, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of

the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to the note no 54 to the accompanying consolidated Ind AS financial statements for the year ended March 31, 2022 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Group including its associates. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence (as described in Note 2.3(m), 11 and 41 of the consolidated Ind AS financial statements) The Group held an inventory balance of ₹ 2,248.25 million as at March 31, 2022, 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	Our procedures in relation to evaluate the allowance of inventories included: <ul style="list-style-type: none"> We obtained an understanding of how the management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories;

Key audit matters	How our audit addressed the key audit matter
<p>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.</p>	<ul style="list-style-type: none"> • We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the allowance for inventory obsolescence. • We observed the inventory count performed by management and assessed the physical condition of the inventories; • We also assessed allowance policy based on historical sales performance of the products in their life cycle and comparing the actual loss to historical allowance recognized, on a sample basis; • We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis; • We have tested a sample of inventory items for significant components to assess the cost and tested the basis of determination of net realisable value of inventory, on a sample basis. • We also assessed the Group's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 11 on Inventories to the consolidated Ind AS financial statements.
<p>Impairment of Goodwill and Intangible assets (as described in Note 2.3(j), 2.3(n), 4a, 4b, 4c and 41 of the consolidated Ind AS financial statements)</p>	
<p>The Group's balance sheet includes ₹ 376.23 million of goodwill, ₹ 416.42 million of intangible assets and ₹ 120.14 million of intangible assets under development representing 9.89% 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.</p> <p>The determination of recoverable amounts, being the higher of fair value less cost to sale and value in use involves reliance on management's estimates of future cash flows and their judgment with respect to the CGU's performance. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, price, terminal value and discount rates. Due to the uncertainty of forecasting and discounting future cash flows, being inherently subjective, the level of management's judgement involved and the materiality of the goodwill and intangible assets to the Group's consolidated Ind AS financial statements as a whole as at March 31, 2022, we have considered this as a key audit matter.</p> <p>The basis of impairment of goodwill and intangible assets is presented in the accounting policies in Note 2.3(j) and 2.3(n) to the consolidated Ind AS financial statements.</p>	<p>Our procedures in relation to evaluate the impairment of goodwill and intangible assets included:</p> <ul style="list-style-type: none"> • We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets". • We assessed the Group's methodology applied in determining the CGUs to which goodwill is allocated. • We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data. • We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts. • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. • We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness. • We tested the arithmetical accuracy of the financial projection model. • We assessed the Group's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 4a, 4b and 4c pertaining to the disclosures of goodwill, intangible assets and intangible assets under development respectively to the consolidated Ind AS financial statements.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability

of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the consolidated financial statements and other financial information, in respect of two subsidiaries located outside India (one of the said subsidiary has

6 underlying subsidiaries and 2 associates) whose consolidated financial statements (before adjustments for consolidation) include total assets of ₹ 4,925.59 million as at March 31, 2022, and total revenue from operations of ₹ 4,556.30 million and net cash outflows of ₹ 1.06 million for the year ended on that date. These consolidated financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors.

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

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the Subsidiary Company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates as noted in the

'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group and its associates;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 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, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2022 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 its 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 in its consolidated Ind AS financial statements – Refer note 45(c)(iv) to the consolidated Ind AS financial statements;
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 21, 25 and 53 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, 2022.
 - iv. a) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, other than as disclosed in the note 56(v) to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in

- writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, other than as disclosed in the note 56(vi) to the consolidated Ind AS financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiary from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) As stated in the note 18 to the consolidated Ind AS financial statements, the final dividend paid during the year by the Holding company and the final dividend proposed by the Board of Directors for the year which is subject to approval of members at the ensuing Annual General Meeting, is in compliance with section 123 of the Act to the extent it applies to payment / declaration of dividend.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership Number: 061207

UDIN: 22061207AJNQWR9475

Place of Signature: Bengaluru

Date: May 24, 2022

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

Re: Centum Electronics Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the consideration of reports of auditors in respect of subsidiaries, we state that the qualifications or adverse remarks by the respective auditors in their reports on Companies (Auditor's Report) Order, 2020 of the companies included in the Consolidated Ind AS Financial Statements are:

Sl.No	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Centum Electronics Limited	L85110KA1993PLC013869	Holding company	Clause 3(vii)(a)

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

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 22061207AJNQWR9475

Place of Signature: Bengaluru
Date: May 24, 2022

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of Centum Electronics Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference

to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate

internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership Number: 061207

UDIN: 22061207AJNQWR9475

Place of Signature: Bengaluru

Date: May 24, 2022

Consolidated Ind AS Balance Sheet

as at March 31, 2022

Corporate Identity Number (CIN): L85110KA1993PLC013869

(₹ in million)

	Notes	March 31, 2022	March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,119.54	1,184.19
(b) Capital work-in-progress	3a	0.09	20.86
(c) Goodwill on consolidation	4a	376.23	376.23
(d) Other intangible assets	4b	416.42	409.21
(e) Intangible assets under development	4c	120.14	171.27
(f) Right-of-use assets	44	481.07	555.94
(g) Financial assets			
(i) Investment in associates	5	59.15	464.83
(ii) Other investments	6	13.78	23.11
(iii) Other financial assets	7	552.28	335.04
(h) Deferred tax assets (net)	8	31.58	22.10
(i) Non-current tax assets (net)	9	48.89	33.54
(j) Other non-current assets	10	41.84	14.36
Total non-current assets		3,261.01	3,610.68
(2) Current assets			
(a) Inventories	11	2,248.25	1,941.88
(b) Financial assets			
(i) Trade receivables	12	1,992.79	2,161.21
(ii) Cash and cash equivalents	13	480.44	411.48
(iii) Bank balances other than cash and cash equivalents	13	93.66	187.08
(iv) Other financial assets	14	827.64	1,105.94
(c) Other current assets	15	325.82	386.43
Total current assets		5,968.60	6,194.02
Total assets (1+2)		9,229.61	9,804.70
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	128.85	128.85
(b) Other equity	17	1,910.83	2,101.99
Equity attributable to equity holders of the parent		2,039.68	2,230.84
Non-controlling interests		(54.48)	170.41
Total equity		1,985.20	2,401.25
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	815.74	1,088.62
(ii) Lease liabilities	44	355.54	419.24
(b) Deferred tax liabilities (net)	8	48.82	70.52
(c) Net employee defined benefit liabilities	20	58.28	57.22
(d) Provisions	21	70.35	32.28
(e) Government grants	22	26.57	34.44
Total non-current liabilities		1,375.30	1,702.32
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	1,910.25	2,095.17
(ii) Lease liabilities	44	120.03	139.64
(iii) Trade payables	24	1,140.83	1,086.09
(iv) Other financial liabilities	25	598.56	733.20
(b) Other current liabilities	26	1,778.58	1,322.96
(c) Government grants	22	7.87	7.87
(d) Net employee defined benefit liabilities	27	6.51	6.27
(e) Provisions	28	274.59	227.70
(f) Liabilities for current tax (net)	29	31.89	82.23
Total current liabilities		5,869.11	5,701.13
Total equity and liabilities (1+2+3)		9,229.61	9,804.70
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : May 24, 2022

Place : Bengaluru
Date : May 24, 2022

Consolidated Ind AS Statement of Profit and Loss

for the year ended March 31, 2022

	Notes	March 31, 2022	March 31, 2021
(₹ in million)			
I Income			
Revenue from operations	30	7,799.40	8,174.30
Other income	31	47.05	38.39
Finance income	32	33.19	19.52
Total income		7,879.64	8,232.21
II Expenses			
Cost of materials consumed	33a	3,065.02	3,275.18
(Increase) / decrease in inventories of work-in-progress and finished goods	33b	(45.44)	179.02
Employee benefit expenses	34	3,194.85	3,018.39
Finance costs	35	263.48	295.21
Depreciation and amortisation expenses	36	431.93	453.01
Other expenses	37	842.54	806.40
Total expenses		7,752.38	8,027.21
III Profit / (loss) before share of profit/(loss) of associates, exceptional items and tax (I - II)		127.26	205.00
IV Share of (loss) / profit of associates (net)	5a	(45.74)	(10.71)
V Profit / (loss) before exceptional items and tax (III - IV)		81.52	194.29
VI Exceptional items (net)	38	(603.54)	-
VII (Loss) / profit before tax (V - VI)		(522.02)	194.29
VIII Tax expenses	39		
(a) Current tax		57.49	85.09
(b) Adjustment of tax relating to earlier period		(11.05)	2.69
(c) Deferred tax (credit) / expense		(33.81)	(13.88)
IX (Loss) / profit for the year (VII - VIII)		(534.65)	120.39
X Other comprehensive income (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		16.85	(7.70)
(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	43b(ii)	10.00	1.52
(ii) Income tax effect	39	(2.63)	(0.44)
Other comprehensive income for the year, net of tax		24.22	(6.62)
(Loss) / profit for the year		(534.65)	120.39
Attributable to			
a) Equity holders of the parent		(305.43)	171.56
b) Non-controlling interests		(229.22)	(51.17)
Other comprehensive income for the year		24.22	(6.62)
Attributable to			
a) Equity holders of the parent		19.89	(13.77)
b) Non-controlling interests		4.33	7.15
Total comprehensive income for the year (IX + X)		(510.43)	113.77
Attributable to			
a) Equity holders of the parent		(285.54)	157.79
b) Non-controlling interests		(224.89)	(44.02)
XI Earnings per equity share (nominal value of ₹ 10 each)			
Earnings per share (₹) : Basic and diluted, computed on the basis of profit / (loss) attributable to equity holders of the parent (per equity share of ₹10 each)	40		
Basic (₹)		(23.70)	13.31
Diluted (₹)		(23.70)	13.30
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

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

Place : Bengaluru
Date : May 24, 2022

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Place : Bengaluru
Date : May 24, 2022

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Consolidated Ind AS Statement of Cash Flows

for the year ended March 31, 2022

	(₹ in million)	
	March 31, 2022	March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before tax expenses	(522.02)	194.29
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation expenses	431.93	453.01
Provisions / liabilities no longer required, written back	(28.90)	(8.61)
Fair value (gain)/ loss on financial instruments	(0.15)	(2.17)
Net foreign exchange differences (unrealised)	5.24	4.31
Provision for expected credit losses / bad debts written off	83.81	101.05
Employee share based compensation cost	0.16	0.49
Government grants	(7.87)	(9.95)
Provision for diminution in the value of investment / receivables	372.77	-
Loss on sale/ discard of property, plant and equipment	0.92	-
Provision for diminution in the value of loans	6.06	-
Provision for settlement of claims	132.22	-
Provision for impairment of unbilled revenue	34.48	-
Finance income	(33.19)	(19.52)
Finance costs	229.57	292.63
Share of loss / (profit) of associates	45.74	10.71
Operating profit / (loss) before working capital changes	750.77	1,016.24
Working capital adjustments:		
(Increase) / decrease in inventories	(310.80)	421.32
Decrease / (increase) in trade receivables/non-current/current financial and other assets	184.48	389.44
Increase / (Decrease) in trade payables, provisions and other liabilities	514.39	(930.49)
Cash generated from / (used in) operations	1,138.84	896.51
Direct taxes paid (net of refunds)	(103.97)	(90.48)
Net cash flow from / (used in) operating activities	1,034.87	806.03
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(187.53)	(246.18)
Proceeds from sale of property, plant and equipment	3.56	-
Proceeds from sale of investments	-	527.54
Sale / (purchase) of investments	9.31	(222.64)
Loan to related party	-	(5.80)
Investment in bank deposit (having original maturity of more than three months) and other bank balances	6.28	16.51
Interest received	19.06	17.90
Government grant received	-	32.12
Net cash flow (used in) / from investing activities	(149.32)	119.45
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / repayments of long term borrowings (net)	(219.53)	118.60
Proceeds / repayment of short term borrowings (net)	(204.97)	(257.74)
Payment of lease liabilities	(143.89)	(176.00)
Finance costs paid	(217.87)	(286.35)
Dividend paid (including amount transferred to Investor Education & Protection Fund)	(25.53)	(58.18)
Net cash flow (used in) / from financing activities	(811.79)	(659.67)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	73.76	265.81
Cash and cash equivalents at the beginning of the year	411.48	136.02
Effect of exchange differences on cash and cash equivalents held in foreign currency	(4.79)	9.65
Cash and cash equivalents at the end of the year	480.44	411.48
Total cash and cash equivalents (Note 13)	480.44	411.48

Consolidated Ind AS Statement of Cash Flows

for the year ended March 31, 2022

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

(₹ in million)

Particulars	Liabilities arising from financing activities				Derivatives not designated as hedges - Interest rate swap (refer note 53)
	Long term borrowings (including current maturities of long term borrowings) (refer note 19 and 23)	Unpaid dividend on equity shares (refer note 25)	Short term borrowings excluding current maturities of long term borrowings (refer note 23)	Lease liabilities (refer note 44)	
As at April 1, 2021	1,382.30	2.65	1,801.49	558.88	0.15
Cash flows	(219.53)	(25.53)	(204.97)	(143.89)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	(21.58)	-	(7.06)	(9.29)	-
Interest accrued but not due	-	-	(4.66)	-	-
Changes in fair values	-	-	-	13.14	(0.15)
Reversal of lease liabilities	-	-	-	(73.55)	-
Additions to lease liabilities (refer note 44)	-	-	-	130.28	-
Dividend declared during the year	-	25.77	-	-	-
As at March 31, 2022	1,141.19	2.89	1,584.80	475.57	-
As at April 1, 2020	1,221.49	2.85	2,024.71	477.78	2.00
Cash flows	118.60	(58.18)	(257.74)	(176.00)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	42.21	-	18.18	15.04	-
Interest accrued but not due	-	-	16.34	-	-
Changes in fair values	-	-	-	15.68	(1.85)
Additions to lease liabilities (refer note 44)	-	-	-	226.38	-
Dividend declared during the year	-	57.98	-	-	-
As at March 31, 2021	1,382.30	2.65	1,801.49	558.88	0.15

Summary of significant accounting policies

2.3

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : May 24, 2022

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Place : Bengaluru
Date : May 24, 2022

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Consolidated Ind AS statement of changes in equity

for the year ended March 31, 2022

(a) Equity share capital

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

Particulars	Number	₹ in million
At April 01, 2020	12,884,841	128.85
Issue of share capital (refer note 16)	-	-
At March 31, 2021	12,884,841	128.85
Issue of share capital (refer note 16)	-	-
At March 31, 2022	12,884,841	128.85

(b) Other equity

(₹ in million)

Particulars	Equity portion of put option liability (refer note 17)	Attributable to equity shareholders					Total Other equity (A)	Non-controlling interests (B)	Total equity (A+B)	
		Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)				Foreign currency translation reserve (refer note 17)
For the year ended March 31, 2022										
As at April 01, 2021	(281.34)	28.07	440.26	1,864.35	2.11	46.35	2.19	2,101.99	170.41	2,272.40
(Loss)/ profit for the year	-	-	-	(305.43)	-	-	-	(305.43)	(229.22)	(534.65)
Other comprehensive income*	-	-	-	7.37	-	-	12.52	19.89	4.33	24.22
Restatement of put options to fair value (refer note 25 (1))	119.23	-	-	-	-	-	-	119.23	-	119.23
Cash dividends (refer note 18)	-	-	-	(25.77)	-	-	-	(25.77)	-	(25.77)
Share based payment (refer note 47)	-	-	-	-	0.16	-	-	0.16	-	0.16
Transferred to capital reserve on forfeiture of stock options	-	-	-	-	(1.95)	1.95	-	-	-	-
Others	-	-	-	0.76	-	-	-	0.76	-	0.76
As at March 31, 2022	(162.11)	28.07	440.26	1,541.28	0.32	48.30	14.71	1,910.83	(54.48)	1,856.35
For the year ended March 31, 2021										
As at April 01, 2020	(344.97)	28.07	440.26	1,750.13	1.62	46.35	1.08	1,922.54	248.25	2,170.79
(Loss)/ profit for the year	-	-	-	171.56	-	-	-	171.56	(51.17)	120.39
Other comprehensive income*	-	-	-	1.08	-	-	(14.85)	(13.77)	7.15	(6.62)
Exercise of put options by non-controlling interest shareholders	63.63	-	-	-	-	-	-	63.63	(33.82)	29.81
Transfer of exchange loss to statement of profit / (loss) on exercise of put options	-	-	-	-	-	-	15.96	15.96	-	15.96
Cash dividends (refer note 18)	-	-	-	(57.98)	-	-	-	(57.98)	-	(57.98)
Share based payment (refer note 47)	-	-	-	-	0.49	-	-	0.49	-	0.49
Others	-	-	-	(0.44)	-	-	-	(0.44)	-	(0.44)
As at March 31, 2021	(281.34)	28.07	440.26	1,864.35	2.11	46.35	2.19	2,101.99	170.41	2,272.40

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

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated Ind AS financial statements.
As per our report of even date.

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

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

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : May 24, 2022

Place : Bengaluru
Date : May 24, 2022

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

1. Corporate information

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

The Company along with its subsidiaries ("the Group") and its associates (hereinafter collectively referred to as "the Group"), are primarily involved in the design and manufacture of advanced microelectronics modules, systems, subsystems and printed circuit board assembly catering to the Defence, Aerospace, Transportation and Industrial electronics markets. Centum is headquartered in Bangalore, India.

The consolidated Ind AS financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 24, 2022.

The Holding Company has been registered under the provisions of Micro, Small and Medium Enterprise Development Act ("MSMED") Act, 2006 and has obtained the Udyam registration number ("URN") UDYAM - KR- 03-0005545 on August 12, 2020

2. Significant accounting policies

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

2.1. Basis of Consolidation

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

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

The functional and presentation currency of the Group is Indian Rupee ("₹") which is the currency of the primary

economic environment in which the Group operates and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Ind AS financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated Ind AS financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated Ind AS financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having

a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when
- control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. Changes in accounting policies and disclosures:

New standards and amendments:

(i) Interest Rate Benchmark Reform - Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

- directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments have no impact on the consolidated Ind AS financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI.

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e., definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the consolidated Ind AS financial statements of the Company.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no significant impact on the consolidated Ind AS financial statements of the Group.

(iv) Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the consolidated financial statements of the Group.

(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the consolidated Ind AS financial statements of the Group.

2.3 Summary of significant accounting policies

a. Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree

are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement

have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method after 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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

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

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle,
- ii. It is held primarily for the purpose of trading,
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

Advance tax paid is classified as non-current assets.

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

d. Fair value measurement

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

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares

- Financial instruments (including those carried at amortised cost)

e. Revenue Recognition

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

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

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

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

project or a price defined in a framework agreement for each type of service ordered by the customer as the project is performed. Revenues from fixed price contracts is recognised based on the stage of completion and the expected profit on completion. Depending on the contracts, the degrees of progress is determined according to the input method (notably according to the costs borne by the project and hours spent) or the output method (notably according to the deliverables made). In the event of an unexpected excess of total contract costs over total contract revenues, the expected losses on completion are provisioned.

Time and material contracts

These contracts, which are subject to best efforts clause, have a variable price determined according to the time spent and the seniority of the staff employed for these projects. Revenues generated by time and material contracts is recognised as the services are performed.

Scrip Sales

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

Management fees income

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

Interest income

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

losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

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

Commission income

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer (which 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

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

g. Taxes on income

Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

h. Non-current assets held for sale / disposal

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

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For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- a) The appropriate level of management is committed to a plan to sell the asset,
- b) An active programme to locate a buyer and complete the plan has been initiated,
- c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

Capital work in progress includes cost of property, plant and equipment under installation / under development net of accumulated impairment loss, if any, as at the balance sheet date. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term

construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

For domestic entities, the depreciation on the Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except in case of certain Plant and equipment (including the related intellectual property), which the Group, based on technical assessment made by the technical expert and management estimate, depreciates over estimated useful lives of 8 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

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

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are

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reviewed at each financial year end and adjusted prospectively, if appropriate.

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

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

For overseas subsidiaries and associates, the Group provides depreciation based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries and associates. In view of different sets of environment in which such foreign subsidiaries and associates operate in their respective countries, depreciation is provided based on local laws and management estimates. These entities follow straight line method of depreciation spread over the useful life of each individual asset.

The estimated useful lives of the assets considered by aforementioned entities is as follows:

Asset category	Years	
	Minimum	Maximum
Plant & equipments	3	5
Electrical installation	5	10
Furniture & fixtures	5	10
Office equipments	3	8
Computer	3	5
Buildings	30	30

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost

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

less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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k. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l. Leases

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

Group as a lessee

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

i) Right-of-use assets:

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

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

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

ii) Lease Liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the consolidated Ind AS financial statements

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Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Cost of raw materials, stores and spares work-in-progress and finished goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in associates to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if

any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and
- ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been 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 Ind AS statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate

that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated Ind AS financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred

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and recognised in the consolidated Ind AS statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

p. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Group presents the leave as a current liability in the consolidated Ind AS balance sheet, to the extent it does not have an unconditional right to defer its

settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated Ind AS balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated Ind AS statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

q. Financial instruments

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

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from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated Ind AS statement of profit and loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section 2.3.(e) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Investment in equity instruments issued by associates are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held

within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investment in associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated Ind AS statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs)

and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated Ind AS statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

b) De-recognition

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

Put Option Liability

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies to non-controlling interests are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The financial liability for such put option is accounted for under IND AS 109.

The amount that may become payable under the option on exercise is initially recognised at fair value under other financial liabilities with a corresponding charge directly to equity. All subsequent changes

Notes to the consolidated Ind AS financial statements

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in the carrying amount of the financial liability are recognised in other equity attributable to the parent. The entity recognises both the non-controlling interest and the financial liability under the NCI put. It continues to measure non-controlling interests at proportionate share of net assets.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognises the financial liability and recognises an offsetting credit in the same component of equity reduced on initial recognition. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Ind AS balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through consolidated Ind AS statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to Note 53 for more details.

s. Cash and cash equivalents

Cash and cash equivalent in the consolidated Ind AS balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

t. Share-based payments

Certain employees of the Group are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

v. Foreign currencies

The Group's consolidated Ind AS financial statements are presented in INR, which is also the Holding company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated Ind AS financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated Ind AS statement of profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

w. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

project is recognized as an intangible asset when the Group can demonstrate all the following:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii. Its intention to complete the asset
- iii. Its ability to use or sell the asset
- iv. How the asset will generate future economic benefits
- v. The availability of adequate resources to complete the development and to use or sell the asset
- vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the consolidated Ind AS statement of profit and loss. During the period of development, the asset is tested for impairment annually.

x. Corporate social responsibility ('CSR') expenditure

The Group charges its CSR expenditure during the year to the consolidated Ind AS statement of profit and loss.

y. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the parent by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable

to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Standard notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Group.

iii) **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16**

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Company.

iv) **Ind AS 109 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Group.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

2.5 The entities consolidated in the consolidated Ind AS financial statements are listed below:

Sl No.	Name of the Entity	Country of Incorporation	Relationship as at March 31, 2022	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, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
				₹ in million	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	
	Parent											
1	Centum Electronics Limited	India	Holding Company	100.00%	85.51%	2,645.23	71.48%	2,546.70	-27.92%	124.14	120.00%	240.81
	Indian Subsidiaries											
2	Centum Adeneo India Private Limited (CAIPL)	India	Subsidiary	100.00%	0.01%	0.19	-0.12%	(4.27)	-1.00%	4.46	2.83%	5.68
	Foreign Subsidiaries											
3	Centum Electronics UK Limited	United Kingdom	Subsidiary	100.00%	100.00%	657.24	18.80%	669.76	2.82%	(12.52)	6.39%	12.82
4	Centum Adetel Group SA ¹	France	Subsidiary	64.66%	64.66%							
5	Centum Adeneo SAS ¹	France	Subsidiary	64.66%	100.00%							
6	Centum Adeneo CRD SAS ¹	France	Subsidiary	64.66%	100.00%							
7	Centum Adetel Transportation System SAS ¹	France	Subsidiary	64.66%	100.00%							
8	Centum Adetel Synergies SARL ¹	France	Subsidiary	0.00%	100.00%							
9	Centum Adetel Solution ¹	Canada	Subsidiary	64.66%	100.00%							
10	Centum Adetel Equipment ¹	Canada	Subsidiary	64.66%	100.00%							
11	Centum Adetel Belgium ¹	Belgium	Subsidiary	64.66%	100.00%							
	Foreign Associates											
12	Ausar Energy SAS ¹	France	Associate	19.69%	30.45%							
13	HOLIWATT (formerly known as Centum Adetel Transportation SAS) ^{1,2}	France	-	0.00%	22.63%							
	Sub Total				100.00%	3,093.57	100.00%	3,562.98	100.00%	(444.63)	100.00%	200.67
	Add / Less: Non controlling interests in all subsidiaries					54.48		(170.41)		224.89		44.02
	Consolidation adjustments/eliminations**					(1,162.85)		(991.32)		(65.80)		(86.90)
	Total					1,985.20		2,401.25		(285.54)		157.79

* The figures have been considered from the respective financial statements.

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

The financial statements of subsidiaries have been drawn up to the same reporting date as of the Company, i.e. March 31, 2022. There is a quarter lag in the reporting dates of the associates with that of the parent Company whose management certified financial statements for the year / period ended on and as at December 31, were considered for the purpose of consolidated Ind AS financial statements of the Group.

Notes:

1 The amounts for net assets / (liabilities) and net profit / (loss) of Centum Adetel Group SA and its subsidiaries, joint ventures and associates (refer Sl. No. 4 to 13 above) have been presented on a consolidated basis.

2 During the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to For see Power and accordingly it has ceased to become an associate. Also refer note 5 and 38 for further details.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

3. Property, plant and equipment

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leasehold land	Total
At cost/ deemed cost											
As at April 1, 2020	5.69	19.01	535.59	849.85	204.72	63.50	65.27	54.94	6.44	114.61	1,919.62
Additions	-	-	0.89	84.90	0.35	2.14	1.11	2.73	10.29	-	102.41
Exchange differences - translation adjustment	0.04	-	1.24	9.18	4.86	1.69	1.23	-	0.06	-	18.30
Disposals	-	(4.00)	-	-	(2.86)	(11.77)	-	-	-	-	(18.63)
As at March 31, 2021	5.73	15.01	537.72	943.93	207.07	55.56	67.61	57.67	16.79	114.61	2021.70
Additions	-	-	3.81	71.76	18.22	4.43	1.33	0.95	22.38	-	122.88
Exchange differences - translation adjustment	(0.02)	-	(0.69)	1.19	(0.67)	(0.36)	(0.12)	-	0.02	-	(0.65)
Disposals	-	-	-	(4.96)	-	-	-	-	-	-	(4.96)
As at March 31, 2022	5.71	15.01	540.84	1011.92	224.62	59.63	68.82	58.62	39.19	114.61	2138.97
Accumulated Depreciation											
As at April 1, 2020	-	10.92	70.86	344.12	118.89	51.96	49.51	13.87	6.21	-	666.34
Charge for the year	-	3.94	18.80	117.65	16.74	6.17	7.57	5.54	1.94	-	178.35
Exchange differences - translation adjustment	-	-	0.68	4.26	4.01	1.40	1.05	-	0.05	-	11.45
Disposals	-	(4.00)	-	-	(2.86)	(11.77)	-	-	-	-	(18.63)
As at March 31, 2021	-	10.86	90.34	466.03	136.78	47.76	58.13	19.41	8.20	-	837.51
Charge for the year	-	3.92	19.26	122.76	15.54	4.86	6.67	5.55	4.69	-	183.25
Exchange differences - translation adjustment	-	-	(0.44)	0.40	(0.59)	(0.05)	(0.20)	-	0.02	-	(0.86)
Disposals	-	-	-	(0.47)	-	-	-	-	-	-	(0.47)
As at March 31, 2022	-	14.78	109.16	588.72	151.73	52.57	64.60	24.96	12.91	-	1019.43
Net block											
As at March 31, 2022	5.71	0.23	431.68	423.20	72.89	7.06	4.22	33.66	26.28	114.61	1,119.54
As at March 31, 2021	5.73	4.15	447.38	477.90	70.29	7.80	9.48	38.26	8.59	114.61	1,184.19

Notes:

- (a) Karnataka Industrial Area Development (KIADB) has allotted land to the Group on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114.61 million (March 31, 2021: ₹ 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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

- (b) Property, plant and equipments and other intangible assets of the Group have been pledged / mortgaged as securities against borrowings. Refer note 19 and 23 for details of borrowings.
- (c) The Group during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP as at April 01, 2016.

3a. Capital work-in-progress

(₹ in million)

	Capital work-in-progress
April 1, 2020	13.51
Additions	109.76
Capitalised during the year	(102.41)
As at March 31, 2021	20.86
Additions	102.13
Exchange differences - translation adjustment	(0.02)
Capitalised during the year	(122.88)
As at March 31, 2022	0.09

Capital work-in-progress ageing schedule

(₹ in million)

As at March 31, 2022	Amount of Capital work-in-progress for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	0.09	-	-	-	0.09
Projects temporarily suspended	-	-	-	-	-
Total	0.09	-	-	-	0.09

(₹ in million)

As at March 31, 2021	Amount of Capital work-in-progress for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	20.86	-	-	-	20.86
Projects temporarily suspended	-	-	-	-	-
Total	20.86	-	-	-	20.86

4a. Goodwill on consolidation

(₹ in million)

	Goodwill on consolidation
At cost	
As at April 1, 2020	376.23
Additions / disposals	-
As at March 31, 2021	376.23
Additions / disposals	-
As at March 31, 2022	376.23
Net block	
As at March 31, 2022	376.23
As at March 31, 2021	376.23

Notes:

The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA. The Group has accounted a goodwill of ₹ 376.23 million and has a carrying value of intangible assets (including intangible assets under development) of ₹ 458.04 million, as at March 31, 2022 (March 31, 2021: ₹ 489.56 million) arising pursuant to the acquisition of Centum Adetel Group SA.

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

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Centum Adetel Group SA and its underlying subsidiaries have incurred losses. However, based on internal assessment performed as at March 31, 2022 with regard to future operations and external valuation by an expert, the management of the Group is of the view that the carrying value of the aforesaid Goodwill on consolidation is appropriate.

4b. Other intangible assets

(₹ in million)

Particulars	Acquired goodwill	Computer software	Intellectual property rights (including R&D credits)	Customer relationships	Total
At cost/ deemed cost					
As at April 1, 2020	36.35	220.98	1,093.81	481.92	1,833.06
Additions	-	23.27	26.51	-	49.78
Exchange differences - translation adjustment	-	5.54	37.91	-	43.45
Disposals	-	-	-	-	-
As at March 31, 2021	36.35	249.79	1,158.23	481.92	1,926.29
Additions	-	3.99	125.77	-	129.76
Exchange differences - translation adjustment	-	(2.50)	(19.59)	-	(22.09)
Disposals	-	-	-	-	-
As at March 31, 2022	36.35	251.28	1,264.41	481.92	2,033.96
Accumulated Amortisation					
As at April 1, 2020	-	167.02	961.53	225.90	1,354.45
Charge for the year	-	18.44	46.50	60.24	125.18
Exchange differences - translation adjustment	-	5.31	32.14	-	37.45
Disposals	-	-	-	-	-
As at March 31, 2021	-	190.77	1,040.17	286.14	1,517.08
Charge for the year	-	19.18	42.47	60.24	121.89
Exchange differences - translation adjustment	-	(2.61)	(18.82)	-	(21.43)
Disposals	-	-	-	-	-
As at March 31, 2022	-	207.34	1,063.82	346.38	1,617.54
Net block					
As at March 31, 2022	36.35	43.94	200.59	135.54	416.42
As at March 31, 2021	36.35	59.02	118.06	195.78	409.21

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, 2022 and March 31, 2021 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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

4c. Intangible assets under development

(₹ in million)

	Intangible assets under development
As at April 1, 2020	100.64
Exchange differences - translation adjustment	3.48
Additions	116.93
Capitalised during the year	(49.78)
As at March 31, 2021	171.27
Exchange differences - translation adjustment	(3.17)
Additions	81.80
Capitalised during the year	(129.76)
As at March 31, 2022	120.14

Intangible assets under development ageing schedule as at March 31, 2022:

(₹ in million)

As at March 31, 2022	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	45.62	41.66	27.88	3.30	118.47
Projects temporarily suspended	-	-	-	1.68	1.68
	45.62	41.66	27.88	4.98	120.14

Intangible assets under development ageing schedule as at March 31, 2021:

(₹ in million)

As at March 31, 2021	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	93.67	50.48	21.10	4.31	169.56
Projects temporarily suspended	-	-	0.43	1.28	1.71
	93.67	50.48	21.53	5.59	171.27

5 Investment in Associates

(i) Details of Associates

Name of the Entity	Place of Business ²	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting right held as at		Nature of Activities	Accounting Method
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
(a) Material associates:							
HOLIWATT (formerly known as Centum Adetel Transportation SAS) ^{3,4,5}	France	-	22.63%	-	35%	Engaged in engineering and manufacturing of energy conversion and storage systems for rolling stock railway markets.	Equity Method
(b) Other associates:							
Ausar Energy SAS ³	France	19.69%	19.69%	30.45%	30.45%	Engaged in the consulting, engineering, research and development in Energy sector.	Equity Method

Notes:

- Aggregate amount of unquoted investment in associates ₹ 59.15 million (March 31, 2021: ₹ 464.83 million).

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

2. The country of incorporation of the above entity is same as its principal place of business.
3. There is a quarter lag in the reporting dates of the associates with that of the parent Company whose management certified financial statements for the year / period ended on and as at December 31, were considered for the purpose of consolidated Ind AS financial statements of the Group.
4. Refer note 38
5. During the year ended March 31, 2020, the management of the Group, entered into an agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS), subsidiary of Centum Adetel Group SA.

The management of the Group had a put option to sell its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a and other receivables of EUR 0.5 million . Further the management had assessed that they exercised significant influence / control over HOLIWATT and had accordingly treated the same as investment in associates in the consolidated Ind AS financial statements of the Group during the year ended March 31, 2021.

During the quarter ended June 30, 2021, HOLIWATT had been placed in specific insolvency statutes, allowing HOLIWATT to commence negotiation with other parties including its shareholders. During the year ended March 31, 2022, the Commercial Court of Lyon announced the opening of judicial recovery process and accordingly based on the internal assessment, the management of the Group has provided the carrying value of its investment and receivables in HOLIWATT amounting to ₹ 436.84 million and the same has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

During the year ended March 31, 2022, the Group has accounted ₹ 25.97 million in regard to the commission to the recruited bankers for the sale of HOLIWATT shares and the same has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

(ii) Summarised financial information for material associates

(₹ in million)

Particulars	HOLIWATT	
	March 31, 2022	March 31, 2021
Current assets	-	311.94
Non-current assets	-	424.64
Current liabilities	-	317.96
Non-current liabilities	-	12.72
Net assets	-	405.90

(iii) Reconciliation of carrying amounts of material associates

(₹ in million)

Particulars	HOLIWATT	
	March 31, 2022	March 31, 2021
Net assets(a)	-	405.90
Proportion of the group's ownership (b)	-	35.00%
Group's share (a*b)	-	142.07
Equity infusion made post reporting date of associate*** (refer note 42)	-	74.97
Exchange differences - Translation adjustment	-	9.82
Fair value changes	-	141.99
Carrying amount of the investment	-	368.85

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

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

(iv) Summarised Statement of Profit & Loss of material associates

(₹ in million)

Particulars	HOLIWATT	
	March 31, 2022	March 31, 2021
Revenue	-	376.91
Cost of sales	-	427.66
Finance cost	-	0.27
Other expense (net of other income)	-	154.94
Profit / (loss) for the year before tax	-	(205.96)
Income Tax	-	(43.98)
Profit / (loss) for the year	-	(161.98)
Other comprehensive income	-	16.79
Total comprehensive income for the year	-	(145.19)
Group's share of profit / (loss) for the year*	-	(56.69)
Group's share of total comprehensive income for the year	-	(50.81)

*The Group has not accounted for the aforesaid loss in the consolidated Ind AS financial statements for reasons as detailed in note 5 above.

(v) Financial information in respect of other associates

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Aggregate carrying amount of investments in equity shares of individually immaterial associates	-	27.44
Investment at amortised cost		
Investment in 800,000 (March 31, 2021: 800,000) unquoted bonds of Euro 1 in Ausar Energy SAS*	59.15	68.54
Total investment in other associates	59.15	95.98
Aggregate amount of group's share of :		
- (Loss) / profit for the year	(45.74)	(10.71)
- Other comprehensive income for the year	(0.23)	4.03
- Total comprehensive income for the year	(45.97)	(6.68)

*During the year ended March 31, 2022, the Group has an accrued interest on bonds amounting to ₹ 9.14 million which has been included in the carrying value of investment

(vi) Contingent liabilities of associates

The associate had no contingent liabilities as at March 31, 2022 and March 31, 2021. The Group has no contingent liabilities relating to its interests in its associates.

(vii) Commitments of / towards associates

The associate had no commitments as at March 31, 2022. The Group has no commitments relating to its interests in its associates.

(viii) Carrying amount of investments in associates and others

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Material associates	-	368.85
Other associates	59.15	95.98
Total	59.15	464.83

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

(ix) Share in profits / (loss) of associates (net)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Material associate*	-	(56.69)
Fair value changes	-	56.69
Other associates	(45.74)	(10.71)
Total	(45.74)	(10.71)

*Refer note 38

6 Financial assets: Other Investments

(₹ in million)

	March 31, 2022	March 31, 2021
Unquoted		
Investment carried at fair value through consolidated statement of profit or loss		
Investments in equity shares of Qulsar Inc. ¹ 74,184 (March 31, 2021: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
Investment in Mutual Fund Aditya Birla Sun Life Corporate Bond ² Nil (March 31, 2021: 108,515.69) units of ₹ Nil each (March 31, 2021: ₹ 85.90)	-	9.32
Investments in other companies	0.52	0.53
Total	13.78	23.11
Aggregate value of unquoted investments	13.78	23.11

1. The Group has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Group is of the view that the carrying value of the Group's investment in Qulsar Inc. approximates the fair value as on the reporting dates.

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

7 Other non - current financial assets

(₹ in million)

	March 31, 2022	March 31, 2021
Unsecured, considered good unless otherwise stated		
Carried at amortised cost		
Security deposits - others (refer note 42)	39.49	45.55
Subsidy receivable	98.72	136.25
Non-current bank balance (refer note 13)	240.15	153.24
Unbilled revenue (refer note 42) ¹	173.92	-
	552.28	335.04

1. Unbilled revenue consists of contract assets, that primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

8 Deferred tax

(₹ in million)

	March 31, 2022		March 31, 2021	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Deferred tax liability				
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	(48.82)	-	(70.52)
Sub - total (A)	-	(48.82)	-	(70.52)
Deferred tax liability (net)		(48.82)		(70.52)
Deferred tax asset				
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	(32.43)	-	(40.61)
Leases	-	(3.02)	-	(0.23)
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	33.52	-	30.93	-
Impact on account of provision for expected credit losses	10.06	-	15.64	-
Impact of deferred revenue	16.83	-	14.64	-
Others	6.62	-	1.73	-
Sub - total (B)	67.03	(35.45)	62.94	(40.84)
Deferred tax assets (net)	31.58		22.10	
Total (A+B)	67.03	(84.27)	62.94	(111.36)
(Deferred tax liability) / Deferred tax assets (net)	(17.24)		(48.42)	
Movement for the year	31.18		13.44	
Reconciliation to the consolidated statement of profit and loss from continuing and discontinued operations				
Movement during the year as above	(31.18)		(13.44)	
Tax expense / (income) during the year recognized in OCI	2.63		0.44	
(Credit) / expense during the year	(33.81)		(13.88)	

9 Non-current tax assets (net)

(₹ in million)

	March 31, 2022	March 31, 2021
Advance income tax (net of provision for current tax and including tax paid under protest)	48.89	33.54
	48.89	33.54

10 Other non-current assets

(₹ in million)

	March 31, 2022	March 31, 2021
Capital advances		
Unsecured, considered good	-	0.50
(A)	-	0.50
Prepaid expenses	37.84	8.37
(B)	37.84	8.37
Balances with statutory / government authorities		
Unsecured, considered good	4.00	5.49
(C)	4.00	5.49
Total other non-current assets (A+B+C)	41.84	14.36

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

(₹ in million)

	March 31, 2022	March 31, 2021
Raw materials	1,687.62	1,427.18
[Includes raw material in transit ₹109.56 million (March 31, 2021: ₹ 90.00 million)]		
Work-in-progress	495.27	449.71
Finished goods	64.58	64.70
Stores and spares	0.78	0.29
	2,248.25	1,941.88

12 Trade receivables

(₹ in million)

	March 31, 2022	March 31, 2021
Carried at amortised cost		
Receivables from related parties (refer note 42)	101.95	119.05
Other trade receivables	1,890.84	2,042.16
Total Trade receivables	1,992.79	2,161.21

Break-up for security details:

(₹ in million)

	March 31, 2022	March 31, 2021
Trade receivables:		
Unsecured, considered good	1,986.35	2,148.05
Trade Receivables - which have significant increase in credit risk	100.46	92.05
Trade Receivables - credit impaired	-	-
	2,086.81	2,240.10
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade Receivables which have significant increase in credit risk	(94.02)	(78.89)
Trade Receivables - credit impaired	-	-
Total trade receivables	1,992.79	2,161.21

- The carrying amount of trade receivables include receivables amounting to ₹ 856.98 million (March 31, 2021: ₹ 751.42 million) which are subject to factoring arrangement entered into with the factoring agency / bank. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange of cash and transferred all rights and actions attached to the aforementioned receivables. As the risk for non recovery lies with the Group, it continues to recognise the transferred assets in its entirety in balance sheet. The amount repayable under the factoring arrangement is presented as unsecured borrowing in note 23.
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.
- The following table summarises the changes in the loss allowance measured using ECL:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Opening balance	78.89	120.35
Amount provided/ (reversed) during the year	(3.10)	92.44
Amount utilised during the year	18.23	(133.90)
Closing provision	94.02	78.89

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

12.1 Trade receivables ageing schedule

(₹ in million)

As at March 31, 2022	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	1,449.81	320.20	121.43	67.29	0.85	26.76	1,986.35
Undisputed Trade receivables - which have significant increase in credit risk	-	-	25.35	26.54	9.25	39.32	100.46
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	1,449.81	320.20	146.78	93.83	10.10	66.09	2,086.81

(₹ in million)

As at March 31, 2021	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	1,243.56	657.65	197.39	9.71	9.54	30.20	2,148.05
Undisputed Trade receivables - which have significant increase in credit risk	-	-	19.33	46.91	16.04	9.77	92.05
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	1,243.56	657.65	216.72	56.63	25.58	39.96	2,240.10

13 Cash and cash equivalents

(₹ in million)

	March 31, 2022	March 31, 2021
Balances with banks		
- On current accounts ⁴	413.41	364.26
- On exchange earners foreign currency (EEFC) accounts	4.56	46.02
Deposits with original maturity of less than three months	62.00	-
Cash on hand	0.47	1.20
	(A)	480.44
Bank balances other than cash and cash equivalents		
Balance with banks		
- On current account ¹	2.89	2.65
- On margin money accounts ²	330.92	337.67
	333.81	340.32
Less: Amount disclosed under other non current financial assets (refer note 7)	(240.15)	(153.24)
	(B)	93.66
Total cash and cash equivalents	(A+B)	574.10
		598.56

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

14 Other current financial assets

(₹ in million)

		March 31, 2022	March 31, 2021
Unsecured considered good unless otherwise stated			
Security deposits	(A)	0.66	0.34
Staff advances		1.08	1.24
Interest accrued on fixed deposits (refer note 42)		11.23	17.44
Unbilled revenue (refer note 7(1) and 42)		601.43	911.36
Subsidy receivables		170.17	127.14
Loan to related party (refer note 42)		-	6.00
Scripts receivables		43.07	42.42
	(B)	826.98	1,105.60
	(A+B)	827.64	1,105.94

15 Other current assets

(₹ in million)

		March 31, 2022	March 31, 2021
Unsecured considered good			
Prepaid expenses		111.22	165.16
Balances with statutory / government authorities		57.51	88.22
Advance to suppliers and other advances		157.09	133.05
		325.82	386.43

16. Equity share capital

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 1, 2020	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2021	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2022	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, 2020	12,884,841	128.85
At March 31, 2021	12,884,841	128.85
At March 31, 2022	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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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, 2022		March 31, 2021	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	6,604,715	51.26%	6,604,715	51.26%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	777,740	6.04%	845,838	6.56%

*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(a).

17. Other equity

(₹ in million)

Securities premium		
At April 1, 2020		28.07
Balance as at March 31, 2021		28.07
Balance as at March 31, 2022	(A)	28.07
General reserve		
At April 1, 2020		440.26
Balance as at March 31, 2021		440.26
Balance as at March 31, 2022	(B)	440.26
Retained earnings		
At April 1, 2020		1,750.13
Profit / (loss) for the year		171.56
Less: Cash dividends		(57.98)
Add: Remeasurement gains / (losses) on defined benefit plans (net of tax)		1.08
Others		(0.44)
Balance as at March 31, 2021		1,864.35
Profit / (loss) for the year		(305.43)
Less: Cash dividends		(25.77)
Add: Remeasurement gains / (losses) on defined benefit plans (net of tax)		7.37
Others		0.76
Balance as at March 31, 2022	(C)	1,541.28

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Share based payments reserve		
At April 1, 2020		1.62
Add: Options granted during the year		0.49
Balance as at March 31, 2021		2.11
Add: Options granted during the year		0.16
Less: Transferred to capital reserve on forfeiture of stock options		(1.95)
Balance as at March 31, 2022	(D)	0.32
Capital reserve		
At April 1, 2020		46.35
Balance as at March 31, 2021		46.35
Add: Amount transferred on forfeiture of stock options		1.95
Balance as at March 31, 2022	(E)	48.30
Equity portion of put option liability reserve (refer note 25)		
At April 1, 2020		(344.97)
Add: Exercise of put options by non-controlling interest shareholders		63.63
Balance as at March 31, 2021		(281.34)
Add: Fair value changes during the year		119.23
Balance as at March 31, 2022	(F)	(162.11)
Foreign currency translation difference account (FCTR)		
At April 1, 2020		1.08
Movement during the year		(14.85)
Transfer of exchange loss to statement of profit / (loss) on exercise of put options		15.96
Balance as at March 31, 2021		2.19
Movement during the year		12.52
Balance as at March 31, 2022	(G)	14.71
Total other equity	(A+B+C+D+E+F+G)	
Balance as at March 31, 2021		2,101.99
Balance as at March 31, 2022		1,910.83

Nature and purpose of reserves

Securities Premium

Securities Premium Reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

Retained earnings

Retained Earnings are the profits of the Group earned till date net of appropriations.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 47 for further details of these plans.

Capital reserve

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

Foreign currency translation difference account (FCTR)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. INR) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

18. Distribution made and proposed

(₹ in million)

	March 31, 2022	March 31, 2021
Dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: ₹ 2.50 per share)	25.77	32.21
Interim dividend for the year ended on March 31, 2022: ₹ Nil per share (March 31, 2021: ₹ 2 per share)	-	25.77
	25.77	57.98
Proposed dividend on equity shares^{1,2}		
Final dividend for the year ended on March 31, 2022: ₹ 2.50 per share (March 31, 2021: ₹ 2 per share)	32.21	25.77
	32.21	25.77

- Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31st.
- The Board of Directors of the Company at its meeting held on May 24, 2022 had recommended a final dividend of 25 % (i.e. ₹ 2.50 per equity share) for the year ended March 31, 2022 which is in compliance with Section 123 of the Companies Act, 2013.

19. Non-current financial liabilities: Borrowings

(₹ in million)

	March 31, 2022	March 31, 2021
Term loan		
From banks		
Foreign currency term loan (secured) (refer note 23 for details of Current maturities of long term borrowings) ^{1,2}	43.87	59.41
Foreign currency term loan (unsecured) (refer note 23 for details of Current maturities of long term borrowings) ³	549.77	556.92
From Financial Institutions		
Indian rupee term loan (unsecured) (refer note 23 for details of Current maturities of long term borrowings) ⁴	-	113.98
Bonds (secured) (refer note 23 for details of Current maturities of long term borrowings) ⁵	84.09	171.36
Interest free loan from Government ⁶ (unsecured) (refer note 23 for details of Current maturities of long term borrowings) ⁶	138.01	186.95
	815.74	1,088.62
The above amount includes		
Secured borrowings	127.96	230.77
Unsecured borrowings	687.78	857.85
	815.74	1,088.62

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

1. Foreign currency term loan availed by the Company amounting to ₹ Nil (March 31, 2021: ₹ 26.03 million) (including current maturities of long term borrowings amounting to ₹ Nil (March 31, 2021: ₹ 26.03 million)) represents term loan taken from a bank and secured by way of :-
 - (a) First pari-passu charge on current assets including stock and receivables of the Holding Company;
 - (b) First pari-passu charge on present and future fixed assets of the Holding Company; and
 - (c) First pari-passu charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District. The term loan carried an interest rate of 4.25% p.a. on the outstanding amount of the loan payable at quarterly rests. The term loan was repayable in sixteen equal quarterly instalments from September 2017.

The loan have been repaid entirely during the year March 31, 2022.

2. Foreign currency term loans availed by Centum Adetel Group SA and its subsidiaries amounting to ₹ 118.39 million (March 31, 2021: ₹ 169.95 million) (including current maturities of long term borrowings amounting to ₹ 74.52 million (March 31, 2021: ₹ 110.54 million)) carries interest rate ranging from 0% to 8.35% p.a. (March 31, 2021: 0% to 11% p.a.) and is secured by way of respective receivables and all other assets present and future of the borrowers along with the bank guarantee.
3. Foreign currency term loan availed by Centum Adetel Group SA and its subsidiaries, amounting to ₹ 546.59 million (March 31, 2021: ₹ 556.92 million) (including current maturities of long term borrowings amounting to ₹ 122.95 million (March 31, 2021: ₹ Nil)) carries interest at 0% p.a for the first year and thereafter carries interest rate between 0.7% to 0.8% upto end of the tenure and both the loans are guaranteed to the extent of 90% by the French government within framework of the COVID -19 health crisis. The term loan is repayable in forty eight equal instalments commencing from 2022 till 2026. Foreign currency term loan availed by Centum Adetel Group SA and its subsidiaries, amounting to ₹ 126.13 million which carries interest at 0% p.a. for the first year and thereafter shall carry interest rate between 0.7% and 2.35% upto the end of the tenure and will be repaid over the term of 4 years starting from 2023 till 2027.
4. The Indian rupee term loan of ₹ Nil (March 31, 2021: ₹ 136.57 million) including current maturity of ₹ Nil (March 31, 2021; ₹ 38.28 million) from a Financial Institution carried an interest rate of 12% p.a on the outstanding amount of loan payable. The term loan was repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of ₹ Nil (March 31, 2021: ₹ 32.61 million) including current maturity of ₹ Nil (March 31, 2021 : ₹ 16.92 million) from a Financial Institution carried an interest rate of Nil per annum (p.a.) (March 31, 2021: 11.75% p.a) on the outstanding amount of loan payable. The term loan was repayable in Thirty Six equal monthly instalments from February 2020. The loans were secured by :
 - (a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.
 - (b) Personal Guarantee of Mrs.Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan.
 - (c) 4 undated cheques ('UDC') for ₹ 50.00 Million each and 4 undated cheques of ₹ 12.5 million each respectively.
 - (d) 3 post dated cheques ('PDC') for ₹ 4.45 Million each and 2 electronic clearing service mandate form with undertaking for ₹ 1.66 million each.
 - (e) Invest in SIP-MF (Debt Fund) of ₹ 0.5 Million per month for 24 months.

The loans have been repaid entirely during the year ended March 31, 2022.

5. Bonds amounting to ₹ 168.18 million (March 31, 2021: ₹ 235.62 million) (including current maturities amounting to ₹ 84.09 million (March 31, 2021: ₹ 64.26 million)) have a coupon rate of 4% p.a. and is secured by way of mortgage of immovable

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

properties, plant and machinery and other moveable assets of Centum Adetel Group S.A. The bond amounting to ₹ 168.18 million is payable in equal instalments in December 2022 and December 2023.

6. Interest free loan from government amounting to ₹ 181.90 million (March 31, 2021: ₹ 224.60 million) (including current maturities of long term borrowings amounting to ₹ 43.89 million (March 31, 2021: ₹ 37.65 million)) has been provided to carry out research and development activities and is payable on the successful outcome of the research and development.

20 Net employee defined benefit liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for gratuity (refer note 43)	58.28	57.22
	58.28	57.22

21 Non-current provisions

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for pension (refer note 43)	10.84	16.88
Other provisions		
Provisions for litigations and contingencies	50.45	-
Provisions for loss making contracts*	9.06	15.40
	70.35	32.28

	Provisions for litigations and contingencies	Provisions for loss making contracts*
As at April 1, 2020	28.27	7.66
Provision made / (reversed) during the year and amount utilised during the year (net)	(28.27)	7.74
As at March 31, 2021	-	15.40
Provision made / (reversed) during the year and amount utilised during the year (net) (refer note 38)	128.40	(6.34)
As at March 31, 2022	128.40	9.06
Current	77.95	-
Non-current	50.45	9.06

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

22 Government grants

(₹ in million)

	March 31, 2022	March 31, 2021
Government grants		
At April 1	42.31	20.14
Government grant received during the year	-	32.12
Released to statement of profit and loss	(7.87)	(9.95)
As at March 31	34.44	42.31
Current	7.87	7.87
Non - current	26.57	34.44

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

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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, 2022	March 31, 2021
From banks		
Indian rupee short term loan from banks (secured) ¹	70.00	199.46
Cash credit and overdraft from banks (secured) ^{2,3}	78.51	68.81
Packing credit loan from banks (secured) ²	545.14	638.85
Foreign currency non-repatriable (FCNR) loan (secured) ²	283.70	291.31
Current maturities of long term borrowings ⁵ (refer note 19)	325.45	293.68
Interest payable	11.68	16.34
Customers bill discounted / factored (secured) ⁴	595.77	586.72
	1,910.25	2,095.17
The above amount includes		
Secured borrowings	1,659.32	1,938.06
Unsecured borrowings	250.93	157.11
	1,910.25	2,095.17

- Secured Indian rupee short term loan from a bank carries interest at 8.70% p.a. (March 31, 2021: 11.28% p.a). The loan is secured by way of:
 - Charge on current assets including stock and receivables of the Company;
 - Charge on plant and machinery and furniture and fixture of the Company; and
 - 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.
 - Cash collateral to the tune of ₹ 50.00 million.
- Cash credit and overdraft from banks, packing credit, FCNR loan from banks are payable on demand and are secured by way of :
 - Hypothecation of entire stock of raw materials/work-in-progress/finished goods, receivables / book debts and other current assets / moveable fixed assets on pari passu first charge with other banks;
 - Hypothecation of current and future fixed assets pari passu first charge with other banks;
 - Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and
 - Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy. No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

The rate of interest of Cash credit and overdraft from banks ranges from 9.70% to 9.85% p.a. (March 31, 2021: 9.70% to 10.80% p.a). The rate of interest of Packing credit from banks ranges from 2.15% to 3.35% p.a. (March 31, 2021: 2.22% to 4.09% p.a.) and that of FCNR ranges from 3.82% to 4.31% p.a. (March 31, 2021: 3.84% to 5.46% p.a.) payable on monthly basis.

- Cash credit / overdraft from banks amounting to ₹ 0.09 million (March 31, 2021: ₹ 1.88 million) was availed by Centum Adetel Group SA.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

4. Customer's bill discounted / factored receivables carries interest rate of 0.09% of the factored invoices including VAT and have recourse to Centum Adeneo Group S.A and its subsidiaries.
5. The details of current maturities of long term borrowings are as follows:

	March 31, 2022	March 31, 2021
Term loan		
From banks		
Foreign currency term loan (secured)	74.52	136.57
Foreign currency term loan (unsecured)	122.95	-
From Financial Institutions		
Indian rupee term loan (unsecured)	-	55.20
Bonds (unsecured)	84.09	64.26
Interest free loan from Government (unsecured)	43.89	37.65
	325.45	293.68

24 Financial liabilities: Trade payables

(₹ in million)

	March 31, 2022	March 31, 2021
Trade payables	1,137.64	1,076.72
Trade payables to related parties (refer note 42)	3.19	9.37
	1,140.83	1,086.09

a) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Group's currency and liquidity risk management processes, refer to note 49(c).
- The dues to related parties are unsecured

24.1 Trade payable ageing schedule

(₹ in million)

As at March 31, 2022	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Undisputed outstanding dues of creditors	1,116.79	6.53	2.19	
Disputed outstanding dues of creditors	-	-	-	3.93	3.93
Total	1,116.79	6.53	2.19	15.32	1,140.83

(₹ in million)

As at March 31, 2021	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Undisputed outstanding dues of creditors	1,021.61	20.38	7.40	
Disputed outstanding dues of creditors	-	-	-	3.93	3.93
Total	1,021.61	20.38	7.40	36.70	1,086.09

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

25 Other current financial liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
At amortised cost		
Unpaid dividends	2.89	2.65
Accrued salaries and benefits (refer note 42)	322.05	327.86
Payable for capital goods	-	4.53
Interest rate swap (refer note 53)	-	0.15
Interest others	0.68	0.68
Put option liability ¹	272.94	397.33
	598.56	733.20

Note:

- 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. Initially, the management of the Group recognised these liabilities at fair values in accordance with the binomial lattice model. The projections were based on estimates and assumptions which are considered reasonable by the management including volatility, up move and down move probabilities, risk free rate of return, etc.

During the year ended March 31, 2022, the put option liability has been revalued from EUR 27.00 to EUR 18.90 per option based on the fair value assessment carried out by an independent external valuer.

26 Other current liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Advance from customers	832.68	410.71
Withholding and other taxes / duties payable	549.75	552.39
Deferred revenue		
Related parties (refer note 42)	9.14	3.47
Others	376.06	348.46
Other liabilities	10.95	7.93
	1,778.58	1,322.96

27 Net current employee defined benefit liabilities

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for employee benefits		
Provision for gratuity (refer note 43)	6.51	6.27
	6.51	6.27

28 Current Provisions

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for compensated absences	196.64	225.37
Provision for litigations (refer note 21)	77.95	2.33
	274.59	227.70

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

29 Liabilities for current tax (net) (₹ in million)

	March 31, 2022	March 31, 2021
Provision for taxation, net of advance tax	31.89	82.23
	31.89	82.23

30 Revenue from operations (₹ in million)

	March 31, 2022	March 31, 2021
Sale of products (refer note 42)	4,571.95	5,027.30
Sale of services	2,761.81	2,640.82
Other operating revenues		
Management fees	105.10	95.14
Sale of scrips	4.29	46.01
Sales commission	12.21	19.54
Income from foreign subsidies	344.04	345.49
	7,799.40	8,174.30

1. Refer note 50 for disclosures under IND AS 115

31 Other income (₹ in million)

	March 31, 2022	March 31, 2021
Rental income (refer note 44)	3.03	3.03
Provisions / liabilities no longer required, written back	28.90	8.61
Gain on account of foreign exchange fluctuations (net)	3.49	-
Government grants (refer note 22)	7.87	9.95
Fair value gain on financial instruments	0.15	2.17
Other non-operating income	3.61	14.63
	47.05	38.39

32 Finance income (₹ in million)

	March 31, 2022	March 31, 2021
Interest income on bank deposits	14.42	17.65
Interest income on income tax refund	11.20	-
Interest Income - Others (refer note 42)	7.57	1.87
	33.19	19.52

33a Cost of materials consumed (₹ in million)

	March 31, 2022	March 31, 2021
Inventory at the beginning of the year	1,427.47	1,664.49
Add: Purchases (refer note 42)	3,325.95	3,038.16
Inventory at the end of the year	(1,688.40)	(1,427.47)
Cost of materials consumed	3,065.02	3,275.18

33b (Increase) / decrease in inventories of work-in-progress and finished goods (₹ in million)

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	514.41	693.43
- Work-in-progress / finished goods		
Less: Inventories at the end of the year	559.85	514.41
- Work-in-progress / finished goods		
(Increase) / decrease in inventories of work-in-progress and finished goods	(45.44)	179.02

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

34 Employee benefits expenses

(₹ in million)

	March 31, 2022	March 31, 2021
Salaries, wages and bonus (refer note 42)	2,458.74	2,350.54
Contribution to provident and other funds (refer note 43)	665.12	600.37
Employee share based compensation cost (refer note 47)	0.16	0.49
Gratuity expenses (refer note 43)	18.48	17.00
Staff welfare expenses	52.35	49.99
	3,194.85	3,018.39

35 Finance costs

(₹ in million)

	March 31, 2022	March 31, 2021
Interest on debt and borrowings	142.25	199.15
Interest on lease liabilities (refer note 44)	13.14	15.68
Other borrowing costs	71.15	69.86
Exchange differences regarded as an adjustment to borrowing cost	33.91	2.58
Interest on income tax	3.03	7.94
	263.48	295.21

36 Depreciation and amortisation expenses

(₹ in million)

	March 31, 2022	March 31, 2021
Depreciation of tangible assets (refer note 3)	183.25	178.35
Amortisation of intangible assets (refer note 4b)	121.89	125.18
Depreciation of Right-of-use assets (refer note 44)	126.79	149.48
	431.93	453.01

37 Other expenses

(₹ in million)

	March 31, 2022	March 31, 2021
Rent and lease hire charges (refer note 42 and 44)	50.21	14.67
Rates and taxes	95.13	86.85
Power and fuel	55.51	53.65
Repairs and maintenance	118.50	112.02
Insurance	49.10	47.35
Legal and professional fees *	133.90	118.80
Travelling and conveyance	154.35	94.00
Purchase of services	39.80	53.53
Corporate social responsibility expenditure	6.81	4.71
Freight outwards	16.48	25.09
Foreign exchange differences (net)	-	11.76
Loss on sale/ discard of property, plant and equipment	0.92	-
Provision for expected credit losses / bad debts written off	25.80	101.05
Directors' sitting fees (refer note 42)	4.33	5.02
Miscellaneous expenses	91.70	77.90
	842.54	806.40

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

* Payment to auditor (exclusive of taxes)

(₹ in million)

	March 31, 2022	March 31, 2021
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated Ind AS financial statements of the company and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.30	0.44
	5.50	5.64

38 Exceptional items (net)

(₹ in million)

	March 31, 2022	March 31, 2021
Provision for diminution in value of investment and receivables (refer note 42) ¹	436.84	-
Provision for settlement of claims ^{1,2}	132.22	-
Provision for impairment of unbilled revenue ²	34.48	-
	603.54	-

1. During the year ended March 31, 2020, the management of the Group, entered into an agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS), subsidiary of Centum Adetel Group SA.

The management of the Group had a put option to sell its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a and other receivables of EUR 0.5 million. Further the management had assessed that they exercised significant influence / control over CAT and has accordingly treated the same as investment in associates in the consolidated Ind AS financial statements of the Group during the year ended March 31, 2021.

During the quarter ended June 30, 2021, HOLIWATT had been placed in specific insolvency statutes, allowing HOLIWATT to commence negotiation with other parties including its shareholders. During the year ended March 31, 2022, the Commercial Court of Lyon announced the opening of judicial recovery process and accordingly based on the internal assessment, the management of the Group has provided the carrying value of its investment and receivables in HOLIWATT amounting to ₹ 436.84 million and the same has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

During the year ended March 31, 2022, the Group has accounted ₹ 25.97 million in regard to the commission to the recruited bankers for the sale of HOLIWATT shares and the same has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

2. During the year ended March 31, 2022, the Group has been levied a claim by one of its customers on account of certain damages in the equipment supplied to the customer. Accordingly, the Group has accounted cost of ₹ 106.25 million towards such claim which has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

Further the Group has made provision for aged unbilled revenue in relation to certain projects amounting to ₹ 34.48 million which has been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

39 Income tax

The domestic subsidiaries of the Group are subject to income tax in India on the basis of standalone financial statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Holding Company and its domestic subsidiary based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly has accounted deferred tax asset based on the reduced applicable tax rates for domestic entities.

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

	(₹ in million)	
	March 31, 2022	March 31, 2021
Tax expenses		
(a) Current tax	57.49	85.09
(b) Adjustment of tax relating to earlier period	(11.05)	2.69
(c) Deferred tax expense / (credit)	(33.81)	(13.88)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the year	2.63	0.44
Total taxes	15.26	74.34

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

	(₹ in million)	
	March 31, 2022	March 31, 2021
(Loss) / profit before tax	(522.02)	194.29
Income tax expense at applicable tax rates applicable to individual entities	(83.12)	85.83
Tax effect on permanent non-deductible expenses	2.36	4.48
Adjustments in respect of current income tax of previous years	(11.05)	2.69
Impact on account of change in future tax rates	-	0.26
Impact on account of change in tax provisions	-	2.76
Others *	107.07	(21.68)
Total tax expenses	15.26	74.34
Income tax reported in the consolidated Ind AS statement of profit and loss	15.26	74.34
	-	-

Note: Certain entities of the Group have incurred losses during the relevant period, which has resulted in reduction of profit / increase of losses in the consolidated Ind AS financial statements. However, the tax liability has been discharged by the respective entities on a standalone basis. Further, in view of absence of reasonable certainty, the Group has not recognised deferred tax asset in such companies.

* Others primarily include non-recognition of deferred tax assets on loss making overseas subsidiaries.

40 Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

	March 31, 2022	March 31, 2021
Profit attributable to equity holders of the parent for basic / diluted earnings per share (₹ in million)	(305.43)	171.56
Weighted average number of equity shares used for computing EPS (basic)	12,884,841	12,884,841
Add: Effect of dilutive issues of stock options	10,279	9,474
Weighted average number of equity shares used for computing EPS (diluted)	12,895,120	12,894,315
Earnings per share - Basic	(23.70)	13.31
Earnings per share - Diluted	(23.70)	13.30

* Considering that the Company has incurred losses during the year ended March 31, 2022, the allotment of stock options would decrease the loss per share for the year ended March 31, 2022 and accordingly had not been considered for the purpose of calculation of diluted earnings per share.

41 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include determining control over entities and accounting thereof, discontinued operations, impairment of investments and goodwill, taxes, fair value measurement of financial instruments, contingencies, defined benefit plan (gratuity benefits), provision for inventory obsolescence, revenue recognition, leases - determining the lease term of contracts with renewal and termination options – Group as lessee and estimating the incremental borrowing rate and Intangible assets under development.

(i) Judgments:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated Ind AS financial statements:

(a) Determination of control and accounting thereof:

As detailed in the accounting policy, consolidation principles under Ind AS necessitates assessment of control of the subsidiaries independent of the majority shareholding. Consolidation principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of the subsidiaries. Based on the assessment made, the management of the Group believes that it has control over Centum Adetel Group S.A and its underlying subsidiaries. Further, the management of the Group assessed that it exercises significant influence Ausar Energy SAS, based on their assessment of the share purchase agreement.

(ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Impairment of investments and goodwill

Determining whether investments and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on Discounted Cashflows Model ("DCF model"). The cash flows projections are based on estimates and assumptions which are considered as reasonable by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate (i.e. 7.66% p.a) used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group (refer note 4a and 4b).

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 39 for further disclosures.

Centum Adetel Group S.A has carried forwarded tax losses. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 49(a) for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 43.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Provision for inventory obsolescence

Inventory obsolescence provision are determined using policies framed by the Company and in accordance with the methodologies that the Company deems appropriate to the business. There is a significant level of judgment involved in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering orders in hand, expected orders, alternative usage, etc.

Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contract. Use of the percentage-of-completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Leases - Determining the lease term of contracts with renewal and termination options – Group as lessee and estimating the incremental borrowing rate

The Group determines the lease term as the non-cancellable term of the lease.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Intangible assets under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at March 31, 2022, the carrying amount of intangible assets under development is ₹ 120.14 million (March 31, 2021: ₹ 171.27 million)

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

42 Related parties

a) Names of related parties and description of relationship

Description of relationship	Name of related parties
Parties where control exists	Mr. Apparao V Mallavarapu (directly and indirectly exercises over 50% voting power in the Company)
Subsidiary Companies	Centum Electronics UK Limited Centum Adetel Group SA Centum Adeneo SAS Centum Adeneo CRD SAS Centum Adetel Synergies SARL** Centum Adetel Solution Centum Adetel Equipment Centum Adetel Transportation System SAS Centum Adeneo India Private Limited Centum Adeneo Belgium
Associate Companies	HOLIWATT (formerly known as Centum Adetel Transportation SAS)* Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director Mrs. Swarnalatha Mallavarapu - Director Mr. Nikhil Mallavarapu - Director Mr. S Krishnan - Independent Director (retired w.e.f August 14, 2021) Mr. Pranav Kumar Patel - Independent Director Mr. Rajiv C Mody - Independent Director Mr. Manoj Nagrath - Independent Director Mr. Thiruvengadam P - Independent Director Mr. K S Desikan - Chief Financial Officer Mrs. Kavitha Dutt - Independent Women Director Mr. Nagaraj K.V- Company Secretary (resigned w.e.f March 10, 2022) Mrs. Indu H S - Company Secretary (appointed w.e.f May 24, 2022)

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020. Further, during the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to Forsee Power and accordingly it has ceased to become an associate.

** Centum Adetel Synergies SARL has been merged with Centum Adeneo SAS w.e.f; April 01, 2021

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

Particulars	(₹ in million)	
	March 31, 2022	March 31, 2021
i) Sale of products		
Associate Companies		
- HOLIWATT	-	94.71
- Ausar Energy SAS	16.85	53.39
ii) Purchases		
Associate Companies		
- HOLIWATT	-	61.57
iii) Other income / Finance income		
Associate Companies		
- Ausar Energy SAS	2.66	1.15
iv) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.57	0.57
v) Exceptional items- Provision for diminution in value of investment and receivables		
Associate Companies		
- HOLIWATT	436.84	-
vi) Remuneration to key managerial personnel and their relatives		
Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	8.97	16.34
- Mr. Nikhil Mallavarapu	10.42	16.20
- Mr. K S Desikan	8.43	8.06
- Mr. Nagaraj K.V	1.67	1.57
vii) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.28	0.77
- Mr. Rajiv C Modi	0.59	0.66
- Mr. Pranav Kumar Patel	0.74	0.77
- Mr. Manoj Nagrath	0.74	0.77
- Mr. Thiruvengadam P	0.74	0.77
- Mrs.V Kavitha Dutt	0.62	0.66
- Mrs. Swarnalatha Mallavarapu	0.62	0.62
viii) Investment in associates		
Associate Companies		
- HOLIWATT	-	74.97
ix) Loan given to		
Associate Companies		
- HOLIWATT	-	6.00

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Particulars	(₹ in million)	
	March 31, 2022	March 31, 2021
x) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Associate Companies		
- HOLIWATT	-	41.72
- Ausar Energy SAS	101.95	77.33
b) Trade payables - Current		
Associate Companies		
- HOLIWATT	-	5.87
Payable to key managerial personnel		
- Mr. S Krishnan	0.19	0.50
- Mr. Rajiv C Modi	0.50	0.50
- Mr. Pranav Kumar Patel	0.50	0.50
- Mr. Manoj Nagrath	0.50	0.50
- Mr. Thiruvengadam P	0.50	0.50
- Mrs.V Kavitha Dutt	0.50	0.50
- Mrs. Swarnalatha Mallavarapu	0.50	0.50
c) Other non current financial assets - Security deposits		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
d) Other current financial asset- Unbilled revenue		
Associate Companies		
- Ausar Energy SAS	-	8.27
e) Other current financial asset- Loan to Related Party		
Associate Companies		
- HOLIWATT	-	6.00
f) Other current financial liabilities - Accrued salaries and benefits-payable/(recoverable)		
- Mr. Apparao V Mallavarapu	0.48	8.75
- Mr. Nikhil Mallavarapu	0.54	7.45
- Mr. K S Desikan	1.71	1.02
- Mr. Nagaraj K.V	0.15	0.15
g) Deferred Revenue		
Associate Companies		
- HOLIWATT	-	0.02
- Ausar Energy SAS	9.14	3.45
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 19)		
- Mrs Swarnalatha Mallavarappu	-	250.00

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

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

Share based payments plan	Exercise price	March 31, 2022	March 31, 2021
		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 47 for further details on the scheme.

Notes:

- 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.
- Refer note 5 as regards investments in associates.
- 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.

43 Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Group contribution to provident fund, employees' state insurance, pension and other funds are considered as defined contribution plans. The contributions are charged to the consolidated Ind AS statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expenses (note 34) are as under:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Contribution to provident fund	31.03	31.63
Contribution to employees' state insurance	4.30	4.33
Contribution to pension fund	629.79	564.41
	665.12	600.37

b) Defined benefit plans

The domestic entities in the Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the consolidated Ind AS statement of profit or loss and amounts recognised in the consolidated Ind AS balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the consolidated Ind AS statement of profit and loss)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Current service cost	14.06	13.35
Interest cost on defined benefit obligation	4.42	3.65
Net benefit expenses	18.48	17.00

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(4.21)	(11.61)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	-	(1.62)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(5.79)	11.71
Actuarial (gain)/ loss recognised in OCI	(10.00)	(1.52)

iii. Net defined benefit asset/ (liability)

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Defined benefit obligation	(64.79)	(63.49)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	(64.79)	(63.49)

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

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	63.49	52.21
Current service cost	14.06	13.35
Benefits paid	(7.18)	(4.20)
Interest cost on the defined benefit obligation	4.42	3.65
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(4.21)	(11.61)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	-	(1.62)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(5.79)	11.71
Closing defined benefit obligation	64.79	63.49

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

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Within next one year	6.51	6.27
Between 1 and 2 years	2.83	2.57
Between 2 and 3 years	2.92	2.85
Between 3 and 4 years	4.07	3.78
Between 4 and 5 years	3.39	4.02
Beyond 5 years	27.07	23.47

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2021: 10 years).

Notes to the consolidated Ind AS financial statements

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

Particulars	March 31, 2022	March 31, 2021
Discount rate (in %)	7.12%	6.57%
Salary escalation (in %)	10.00%	10.00%
Employee turnover	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%
Retirement age	60 years	60 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	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:

- 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
- Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(5.78)	(6.18)
Impact on defined benefit obligation due to 1% decrease in discount rate	6.85	6.44
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	3.33	4.43
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.33)	(3.58)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.25)	(0.19)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.44	0.04

Notes to the consolidated Ind AS financial statements

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The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

44 Leases

I. Company as a lessee

The Group has lease contracts for office facilities and equipment (including vehicles and computer). The lease term for office facilities is generally 3 to 12 years and for equipment is 2 to 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of computer and computer equipment with low value. The Group applies 'lease of low value assets' recognition exemption for the leases.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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

(₹ in million)

	Building	Plant and equipment	Vehicles	Leased computer	Total
Gross block					
As at April 1, 2020	922.53	12.72	55.49	38.68	1,029.42
Additions	130.35	24.38	42.51	36.11	233.35
Translation adjustment	30.34	-	1.91	1.09	33.34
Disposals / cancellations	(351.25)	-	(26.21)	(7.41)	(384.87)
As at March 31, 2021	731.97	37.10	73.70	68.47	911.24
Additions	98.47	-	21.47	10.34	130.28
Translation adjustment	(12.79)	-	(1.37)	(1.14)	(15.30)
Disposals / cancellations	(166.61)	-	(13.34)	(44.17)	(224.12)
As at March 31, 2022	651.04	37.10	80.46	33.50	802.10
Accumulated depreciation					
As at April 1, 2020	505.70	0.27	38.98	27.77	572.72
Charge for the year	106.24	3.60	22.88	16.76	149.48
Translation adjustment	16.15	-	1.12	0.70	17.97
Disposals / cancellations	(351.25)	-	(26.21)	(7.41)	(384.87)
As at March 31, 2021	276.84	3.87	36.77	37.82	355.30
Charge for the year	88.12	4.74	17.94	15.99	126.79
Translation adjustment	(7.12)	-	(2.34)	(1.02)	(10.48)
Disposals / cancellations	(106.05)	-	(10.76)	(33.77)	(150.58)
As at March 31, 2022	251.79	8.61	41.61	19.02	321.03
Net Block as on March 31, 2022	399.25	28.49	38.85	14.48	481.07
Net Block as on March 31, 2021	455.13	33.23	36.93	30.65	555.94

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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

	(₹ in million)
	Amount
As at April 1, 2020	477.78
Additions to right-of-use asset	233.35
Utilisation of capital advances	(6.97)
Accretion of Interest	15.68
Translation adjustment	15.04
Payments	(176.00)
As at March 31, 2021	558.88
Additions to right-of-use asset	130.28
Accretion of Interest	13.14
Translation adjustment	(9.29)
Reversal of lease liabilities on disposal of asset	(73.55)
Payments	(143.89)
As at March 31, 2022	475.57

	(₹ in million)	
Particulars	March 31, 2022	March 31, 2021
Current	120.03	139.64
Non Current	355.54	419.24

The maturity analysis of lease liabilities are disclosed in Note 49.

The effective interest rate for lease liabilities is 1.6% to 12 %.

The following are the amounts recognised in profit or loss:

	(₹ in million)	
Particulars	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets	126.79	149.48
Interest expense on lease liabilities	13.14	15.68
Profit on early termination of lease contracts	-	-
Expense relating to short-term leases and leases of low-value assets (included in other expenses) (refer note 37)	50.21	14.67
Total amount recognised in profit or loss	190.14	179.83

The Group had total cash outflows for leases of ₹ 194.10 million in March 31, 2022 (March 31, 2021: 190.67 million).

II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

The following amounts recognised in the consolidated Ind AS statement of profit and loss

	(₹ in million)	
Particulars	March 31, 2022	March 31, 2021
Rental Income (refer note 31)	3.03	3.03
	3.03	3.03

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45 Commitments and Contingencies

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7.96	30.62

(b) The Group has commitment in nature of variable lease payment towards purchase of solar and wind power with various parties whereby the Group has committed to purchase and supplier has committed to sell contracted quantity of solar and wind power for period as defined in the power purchase agreements.

(c) Contingent liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated Ind AS financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated Ind AS financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operation or cash flow.

(₹ in million)

(i) Particulars of guarantees	March 31, 2022	March 31, 2021
Corporate guarantees	331.31	337.58
Bank guarantees*	29.19	31.61

* Excludes performance bank guarantees given to various customers as the management is of the view that the same is not required to be disclosed here.

(ii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

(iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Holding Company and its domestic subsidiaries will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

- (iv) The Group is involved in legal proceedings, both as plaintiff and as defendant. The Group believes the following claims to be material.

(₹ in million)

Disputes *	March 31, 2022	March 31, 2021
Matters relating to income tax under dispute:	46.44	48.34
Matters relating to indirect taxes under dispute:	143.34	100.13
Others:		
- Stamp duty levy	16.28	16.28
- Property tax	5.89	-
- Other claims against the Group not acknowledged as debts	11.75	38.77

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Group's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its consolidated Ind AS financial statements. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.

46 Segment information - Disclosure pursuant to Ind AS 108 "Operating Segments"

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

- (i) Basis of identifying operating segments:

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

- (ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

The Company along with its subsidiaries, 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".

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

(b) Geographical information

(₹ in million)

Geography	Segment revenue*		Non-current assets**	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(i) India	2,126.95	2,028.44	1,170.25	1,272.60
(ii) Europe and UK	5,005.85	5,332.32	1,271.98	1,309.00
(iii) North America	562.02	679.55	113.10	150.46
(iv) Rest of the world	104.58	133.99	-	-
Total	7,799.40	8,174.30	2,555.33	2,732.06

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

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

47 Share-based payments

A Description of the share based payment arrangements

The Company has following share based payment arrangements:

(i) Share option plans (equity settled)

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

- (a) The Centum ESOP - 2013 plan was approved by the directors of the Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or its subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or its 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:

(₹ in million)

	Year ended March 31, 2022	Year ended March 31, 2021
	Centum ESOP - 2013	Centum ESOP - 2013
Fair value at grant date	₹ 11.65 - ₹ 277.30	₹ 11.65 - ₹ 277.30
Share price at grant date	₹ 71.25 & ₹ 637.05	₹ 71.25 & ₹ 637.05
Weighted average exercise price (WAEP)	₹ 71.25	₹ 279.42
Dividend yield (%)	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

C Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum ESOP - 2013 plan during the year:

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,	19,026	279.42	19,026	279.42
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	7,000	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding at March 31,	12,026	71.25	19,026	279.42
Exercisable at March 31,	12,026	71.25	17,276	243.19

The options outstanding as at March 31, 2022 had an exercise price of ₹ 71.25 (March 31, 2021: ₹ 279.42) and the weighted average remaining contractual life of 4.01 years (March 31, 2021: 7.21 years).

D Expense recognised in the consolidated Ind AS statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in million)

	March 31, 2022	March 31, 2021
Expense arising from equity settled share based payment transaction (refer note 34)	0.16	0.49

E Stock options granted to other employees of the Group

The Company had granted stock options to employees of Centum Rakon India Private Limited, under ESOP plans as detailed in note 47A 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 Group's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Group.

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings.

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is total borrowing divided by total capital plus total borrowing. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Borrowings (refer note 19 and 23)	2,725.99	3,183.79
Less: Cash and cash equivalents (refer note 13)	480.44	411.48
Total borrowings (A)	2,245.55	2,772.31
Capital components		
Equity share capital (refer note 16)	128.85	128.85
Other equity (refer note 17)	1,910.83	2,101.99
Total Capital (B)	2,039.68	2,230.84
Capital and borrowings (C = (A+B))	4,285.23	5,003.15
Gearing ratio (D=(A/C))	52%	55%

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, 2022 and year ended March 31, 2021.

49 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the 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, 2022 and March 31, 2021.

As at March 31, 2022

(₹ 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)	13.78	-	-	13.78	13.78
(ii) Trade receivables	-	-	1,992.79	1,992.79	1,992.79
(iii) Cash and cash equivalents	-	-	480.44	480.44	480.44
(iv) Bank balances other than cash and cash equivalents	-	-	333.81	333.81	333.81
(v) Other financial assets	-	-	1,139.77	1,139.77	1,139.77
Total	13.78	-	3,946.81	3,960.59	3,960.59
Financial liabilities					
(i) Borrowings	-	-	2,725.99	2,725.99	2,725.99
(ii) Lease liabilities	-	-	475.57	475.57	475.57
(iii) Trade payables	-	-	1,140.83	1,140.83	1,140.83
(iv) Put option liability	-	272.94	-	272.94	272.94
(v) Other financial liabilities	-	-	325.62	325.62	325.62
Total	-	272.94	4,668.01	4,940.95	4,940.95

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

As at March 31, 2021		(₹ in million)			
Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in associates)	23.11	-	-	23.11	23.11
(ii) Trade receivables	-	-	2,161.21	2,161.21	2,161.21
(iii) Cash and cash equivalents	-	-	411.48	411.48	411.48
(iv) Bank balances other than cash and cash equivalents	-	-	340.32	340.32	340.32
(v) Loans and other financial assets	-	-	1,287.74	1,287.74	1,287.74
Total	23.11	-	4,200.75	4,223.86	4,223.86
Financial liabilities					
(i) Borrowings	-	-	3,183.79	3,183.79	3,183.79
(ii) Lease liabilities	-	-	558.88	558.88	558.88
(iii) Trade payables	-	-	1,086.09	1,086.09	1,086.09
(iv) Derivative instrument - Interest rate swap	-	0.15	-	0.15	0.15
(v) Put option liability	-	397.33	-	397.33	397.33
(vi) Other financial liabilities	-	-	335.72	335.72	335.72
Total	-	397.48	5,164.48	5,561.96	5,561.96

(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.

Particulars	(₹ in million)			
	Total	Level 1	Level 2	Level 3
March 31, 2022				
Financial assets				
Investments (other than investments in associates)	13.78	-	-	13.78
Financial liabilities				
Borrowings	2,725.99	-	2,725.99	-
Put option liability	272.94	-	272.94	-
March 31, 2021				
Financial assets				
Investments (other than investments in associates)	23.11	9.32	-	13.79
Financial liabilities				
Borrowings	3,183.79	-	3,183.79	-
Derivative instrument - Interest rate swap	0.15	-	0.15	-
Put option liability	397.33	-	397.33	-

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

- (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, 2022 and March 31, 2021.

(c) Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets including trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(₹ in million)	
	Increase / decrease in basis points	Effect on profit before tax
March 31, 2022		
	+50	(4.89)
	-50	4.89
March 31, 2021		
	+50	(5.27)
	-50	5.27

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

(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, 2022 and March 31, 2021. The Group's exposure to foreign currency changes for all other currencies are not material.

(Amount in million)

Particulars	Currency	March 31, 2022	March 31, 2021
Trade payables and borrowings (including short term borrowing and long term borrowing)	USD	(18.06)	(16.45)
Trade receivables and cash and cash equivalents	USD	5.69	9.26
Net assets / (liabilities) in USD in million	USD	(12.37)	(7.19)
Net assets / (liabilities) in ₹ in million	INR	(934.77)	(524.32)

(Amount in million)

Particulars	Currency	March 31, 2022	March 31, 2021
Trade payables and borrowings (including short term borrowing and long term borrowing)	EUR	(1.39)	(0.70)
Trade receivables and cash and cash equivalents	EUR	1.88	0.63
Net assets / (liabilities) in EUR in million	EUR	0.49	(0.07)
Net assets / (liabilities) in ₹ in million	INR	41.02	(5.93)

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, 2022			
USD	5%	(46.74)	46.74
EURO	5%	2.05	(2.05)
March 31, 2021			
USD	5%	(26.22)	26.22
EURO	5%	(0.30)	0.30

The sensitivity analysis has been based on the composition of the financial assets and liabilities at March 31, 2022 and March 31, 2021 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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 3,960.59 million and ₹ 4,223.86 million as at March 31, 2022 and March 31, 2021, respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in associates and joint ventures) and other financial assets (excluding assets held for disposal).

Customer credit risk is managed by each entity / business unit based on the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.

With respect to Trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group have made certain strategic investments which have been approved by the Board of Directors.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

(₹ in million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2022				
Borrowings	1,910.25	815.74	-	2,725.99
Lease liabilities	120.03	267.35	107.80	495.18
Trade payables	1,140.83	-	-	1,140.83
Other financial liabilities	598.56	-	-	598.56
	3,769.67	1,083.09	107.80	4,960.56
March 31, 2021				
Borrowings	2,095.38	1,076.00	12.62	3,184.00
Lease liabilities	139.64	326.24	130.21	596.09
Trade payables	1,086.09	-	-	1,086.09
Other financial liabilities	733.20	-	-	733.20
	4,054.31	1,402.24	142.83	5,599.38

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

50 Disclosure under Ind AS 115

a) Timing of rendering of services

March 31, 2022

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	4,571.95	-	4,571.95
Sale of services	-	2,761.81	2,761.81
Management fees	-	105.10	105.10
Sale of scrips	4.29	-	4.29
Sales commission	12.21	-	12.21
Income from foreign subsidiaries	-	344.04	344.04
Total	4,588.45	3,210.95	7,799.40

March 31, 2021

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	5,027.30	-	5,027.30
Sale of services	-	2,640.82	2,640.82
Management fees	-	95.14	95.14
Sale of scrips	46.01	-	46.01
Sales commission	19.54	-	19.54
Income from foreign subsidiaries	-	345.49	345.49
Total	5,092.85	3,081.45	8,174.30

* The Group recognises revenue from these sources over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

b) Contract Balances:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Receivables (refer note 12)		
- Current (Gross)	2,086.81	2,240.10
- Impairment allowance (Allowance for bad and doubtful debts)	(94.02)	(78.89)
Contract assets:*		
Unbilled revenue (refer note 7 and 14)		
- Non Current	173.92	-
- Current	601.43	911.36
Contract Liabilities* (refer note 26)		
Deferred revenue		
- Current	385.20	351.93
Advance from customers		
- Current	832.68	410.71

*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.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

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, 2022	March 31, 2021
Arising out of contract liabilities as at the beginning of the year	390.00	678.49
	390.00	678.49

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2021: ₹ Nil)

51 Interests in material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

1 Details of material partly-owned subsidiaries (₹ in million)

Particulars	Country of incorporation and operation	March 31, 2022	March 31, 2021
Centum Adetel Group SA	France	64.66%	64.66%

2 Accumulated balances of material non-controlling interest: (₹ in million)

Particulars	March 31, 2022	March 31, 2021
Centum Adetel Group SA*	(73.89)	123.97

* Before consolidation adjustments

3 (Loss) / profit allocated to material non-controlling interest: (₹ in million)

Particulars	March 31, 2022	March 31, 2021
Centum Adetel Group SA*	(210.34)	(28.98)

* 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.

Particulars	March 31, 2022	March 31, 2021
Non-current assets		
Property, plant and equipment	85.46	100.88
Capital work-in-progress	-	0.78
Other intangible assets	196.82	114.51
Intangible assets under development	120.14	171.27
Right-to-use assets	432.59	494.69
Financial and other assets	430.79	638.91
Total	1,265.80	1,521.04

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

Particulars	March 31, 2022	March 31, 2021
Current assets		
Inventories	234.36	158.00
Financial and other assets	2,493.83	2,914.83
Total	2,728.19	3,072.83
Non-current liabilities		
Financial liabilities (including borrowings)	1,153.98	1,360.96
Provisions	70.35	32.28
Total	1,224.33	1,393.24
Current liabilities		
Financial liabilities (including borrowings)	1,612.98	1,540.25
Other current liabilities and provisions	1,365.77	1,309.60
Total	2,978.75	2,849.85
Total equity	(209.09)	350.78
Attributable to:		
Equity holders of parent	(135.20)	226.81
Non-controlling interests	(73.89)	123.97

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, 2022	March 31, 2021
I Income		
Revenue from operations	4,556.35	4,162.01
Other Income	23.94	19.41
Finance Income	7.28	1.27
Total Income	4,587.57	4,182.69
II Expenses		
Cost of materials consumed	1,332.04	1,262.00
(Increase) / decrease in inventories of work-in-progress and finished goods	(3.69)	1.64
Employee benefit expenses	2,423.62	2,245.13
Finance costs	114.55	118.19
Depreciation and amortization expenses	193.72	221.48
Other expenses	503.84	391.72
Total Expenses	4,564.09	4,240.16
III Share of (loss) / profit of associates and joint ventures (net)	(45.74)	(15.34)
IV (Loss) / profit before exceptional items and tax (I-II+III)	(22.26)	(72.81)
V Exceptional items	585.19	-
VI (Loss) / profit before tax expense (IV-V)	(607.45)	(72.81)
VII Tax Expenses	-	-
VIII (Loss) / profit after tax for the year (VI-VII)	(607.45)	(72.81)
IX Other comprehensive income / (expense) (net of tax)		
(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
(i) Exchange differences on translation of foreign operations	12.26	14.16
X Total comprehensive income for the year (VIII + IX)	(595.19)	(58.65)
Attributable to non-controlling interest	(210.34)	(28.98)

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

6 Summarised cashflow information:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Cash flow from operating activities	334.30	(182.77)
Cash flow from investing activities	(104.06)	341.89
Cash flow from financing activities	(225.94)	51.01
Net increase in cash & cash equivalents	4.30	210.13

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

53 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, 2022	March 31, 2021
Derivative instrument - Interest rate swap (refer note 25)	-	0.15

54 Pursuant to the ongoing COVID-19 pandemic, the Group has made a detailed assessment of its liquidity position as at the date of approval of these consolidated Ind AS 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 Ind AS 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 Ind AS financial statements. The statutory auditors of the Group have drawn an Emphasis of Matter in their Independent Auditor's Report in this regard.

55 As at March 31, 2022, trade payables amounting to ₹ 9.22 million, advance from customers amounting to ₹ 55.86 million and trade receivables amounting to ₹ 16.80 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'). Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these consolidated Ind AS financial statements in this regard.

56 Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2022

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries”
- (vii) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (viii) The Group has not been declared as a wilful defaulter by any banks or financial institutions.

57 Events after the reporting period

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting. Refer note 18 for details.

58 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these consolidated Ind AS financial statements have been rounded off or truncated as deemed appropriate by the management of the Group.

As per our report of even date.

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

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

Place : Bengaluru
Date : May 24, 2022

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Indu H S
Company Secretary
Membership number: A35306

Place : Bengaluru
Date : May 24, 2022

Nikhil Mallavarapu
Director
DIN: 00288551

K.S. Desikan
Chief Financial Officer



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 29th Annual General Meeting

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of **Centum Electronics Limited** will be held on **Friday, August 12, 2022, at 04:30 p.m IST** through Video Conferencing /Other Audio Visual Means ("VC/OAVM") to transact the following business.

The venue of the meeting shall be deemed to be the Registered Office of the Company at No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106.

ORDINARY BUSINESS:

Item No.1 – Adoption of Financial Statements

- a) To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2022, 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 audited consolidated financial statements of the Company for the financial year ended March 31, 2022, 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 2021-22.

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.

Item No.4 – Re-appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number - 101049W/E300004)

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and based on the recommendation of the Audit Committee, and approval of the Board of Directors, the Company hereby appoints M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number - 101049W/E300004), as the Statutory Auditors of the Company for the second term of 5 (five) consecutive years to hold office from the conclusion of this Annual General Meeting until the conclusion of the 34th Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof) based on the recommendation of the Audit Committee be and is hereby authorised to fix the remuneration payable to the Statutory Auditors of the Company, from time to time including the actual travelling and out of pocket expenses incurred in connection with the audit, in addition to taxes as applicable.

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, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or

doubts that may arise in this regard.”

SPECIAL BUSINESS:

Item No.5 – Remuneration payable to the Cost Auditors

*To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:*

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2022–23, be paid a remuneration of ₹ 1,00,000/- (Rupees One Lakh) per annum plus applicable taxes and out-of-pocket expenses that may be incurred during the course of audit.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper, or expedient to give effect to this resolution.”

**By Order of the Board of Directors
For Centum Electronics Limited**

**Indu H S
Company Secretary
& Compliance Officer**

**Place: Bengaluru
Date: May 24, 2022**

Registered Office:
No.44, KHB Industrial Area
Yelahanka New Town
Bangalore – 560 106
CIN : L85110KA1993PLC013869

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide Circular dated May 05, 2022, read with circulars dated December 14, 2021, January 13, 2021, May 5, 2020, April 8, 2020, and April 13, 2020 (collectively "**MCA Circulars**"), permitted companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 29th AGM of the Company is being convened and conducted through VC/OAVM.
 2. The Company has enabled the Members to participate at the 29th AGM through the VC/OAVM facility provided by KFin Technologies Limited (previously known as KFin Technologies Private Limited), Registrar and Share Transfer Agent. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC/OAVM shall be allowed on a first-come-first-serve basis.
 3. As per the provisions under the MCA Circulars, Members attending the 29th AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and Insta Poll during the AGM. The process of remote e-voting with necessary User ID and Password is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 29th AGM being held through VC/OAVM.
 5. Members joining the meeting through VC/OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through Insta Poll at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC/OAVM but shall not be entitled to cast their vote again.
 6. The Company has appointed Mr. S.P. Nagarajan, Practicing Company Secretary (Membership No. ACS 10028), who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of two (2) working days from the date of conclusion of General Meeting, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed through the Annual General Meeting proceedings. The e-voting results will also be uploaded in the website of the Company 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 29th AGM is being held through VC/OAVM as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 29th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
 8. Corporate Members are required to access the link <https://evoting.kfintech.com> and upload a certified copy of the Board Resolution authorizing their representative to attend the AGM through VC/OAVM and vote on their behalf. Institutional Investors are encouraged to attend and vote at the meeting through VC/OAVM.
 9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 10. The Company has fixed Wednesday, August 3, 2022, as Record Date for determining the members eligible for Dividend on Equity Shares, if declared at the Annual General Meeting.
 11. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if approved by the members will be paid on or before Tuesday, September 6, 2022, to those members whose names appear in the Register of Members on the Record Date.
 12. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof.
- A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by sending an email to einward.ris@kfintech.com or investors@centumelectronics.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
- Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e.

- No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, self declaration and any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com or investors@centumelectronics.com.
- The aforesaid declarations and documents need to be submitted by the shareholders latest by Wednesday, August 3, 2022.
13. Members are requested to note that the dividends not encashed or claimed within 7 (seven) years from the date of transfer to the Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, along with the respective shares lying in the pool account be transferred to the Investor Education and Protection Fund (IEPF). Members who have not encashed or claimed the dividend for the earlier years are requested to approach the Company / Registrar & Transfer Agent and whose shares are transferred to IEPF can claim by making an application in form IEPF-5 to IEPF Authority through Company's Nodal Officer and Registrar & Transfer Agent at the earliest. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
 14. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding Shares in physical form are requested to advise any change of address or bank details immediately to our Registrars and Transfer Agent, KFin Technologies Limited. Members are also encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
 15. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, Members holding equity shares in physical form are urged to have their shares dematerialized to enable to transfer shares in a hassle free manner.
 16. As per the SEBI Circular dated November 03, 2021, there is a mandatory requirement for the holders of physical securities of all listed companies to furnish valid PAN, KYC details and Nomination. We have updated our website with the related instructions and Forms specified by SEBI for download by the investor and is available at www.centumelectronics.com. Holders of the Physical Securities are requested to go through the instructions and upload the required documents.
 17. In line with the MCA Circulars, the notice of the 29th AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website at www.centumelectronics.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Limited at <https://evoting.kfintech.com>.
 18. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Limited, Selenium Building, Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

Members may note that pursuant to the MCA Circulars, the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address by accessing the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>.
 19. 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.
 20. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking appointment/ re-appointment at the Annual General Meeting is furnished and forms a part of the Notice. The Director has furnished the requisite consents / declarations for re-appointment.
 21. The following documents will be available for inspection by the Members electronically during the 29th 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.
 22. Members are requested to send all communications relating to Shares including dividend matters to our Registrar and

Share Transfer Agent at the following address:

KFin Technologies Limited,
Selenium Building, Tower B, Plot Nos.31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
Toll Free No.1800 309 4001
Email: einward.ris@kfintech.com

23. 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.
24. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and in compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is mandatory to extend to the Members of the Company, the facility to vote at the Annual General Meeting (AGM) by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING AND ATTENDING THE AGM THROUGH VC/OAVM:

25. The Company has entered into an agreement with KFin Technologies Limited (KFintech) for facilitating e-voting and for conducting the Annual General Meeting through Video Conferencing /Other Audio Visual Means. The instructions are as follows:
 - i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-voting are given in subsequent paragraphs.
 - ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
 - iii. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.
- iv. The remote e-voting period commences on Tuesday, August 9, 2022, at 9.00 a.m. to Thursday, August 11, 2022, at 5.00 p.m. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Friday, August, 5, 2022, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote by way of poll, held at the Meeting.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at evoting@kfintech.com. However, if he / she is already registered with KFintech for remote e-voting then he /she can use his / her existing User ID and Password for casting the vote.
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
- viii. The details of the process and manner for remote e-voting and AGM are explained herein below:
 - Step 1:** Access to Depositories e-voting system in case of individual shareholders holding shares in demat mode.
 - Step 2 :** Access to KFintech e-voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
 - Step 3 :** Access to join virtual meetings (AGM) of the Company on KFintech system to participate AGM and vote at the AGM.

Details on Step 1 are mentioned below:

Login method for remote e-voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none">1. User already registered for IDeAS facility:<ol style="list-style-type: none">I. Visit URL: https://eservices.nsdl.comII. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-voting"IV. Click on company name or e-voting service provider and you will be re-directed to e-voting service provider website for casting the vote during the remote e-voting period.2. User not registered for IDeAS e-Services<ol style="list-style-type: none">I. To register click on link : https://eservices.nsdl.comII. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jspIII. Proceed with completing the required fields.IV. Follow steps given in point 13. Alternatively by directly accessing the e-voting website of NSDL<ol style="list-style-type: none">I. Open URL: https://www.evoting.nsdl.com/II. Click on the icon "Login" which is available under 'Shareholder/Member' section.III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.IV. Post successful authentication, you will be requested to select the name of the company and the e-voting Service Provider name, i.e.KFintech.V. On successful selection, you will be redirected to KFintech e-voting page for casting your vote during the remote e-voting period.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none">1. Existing user who have opted for Easi / Easiest<ol style="list-style-type: none">I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.comII. Click on New System MyeasiIII. Login with your registered User ID and Password.IV. The user will see the e-voting Menu. The Menu will have links of ESP i.e. KFintech e-voting portal.V. Click on e-voting service provider name to cast your vote.2. User not registered for Easi/Easiest<ol style="list-style-type: none">I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistrationII. Proceed with completing the required fields.III. Follow the steps given in point 13. Alternatively, by directly accessing the e-voting website of CDSL<ol style="list-style-type: none">I. Visit URL: www.cdslindia.com

	II. Provide your demat Account Number and PAN No.
	III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.
	IV. After successful authentication, user will be provided links for the respective ESP, i.e Kfintech where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-voting facility.
	II. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature.
	III. Click on options available against company name or e-voting service provider – Kfintech and you will be redirected to e-voting website of Kfintech for casting your vote during the remote e-voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from Kfintech which will include details of e-voting Event Number (EVEN), User ID and Password. They will have to follow the below process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and Password). In case of physical folio, User ID will be EVEN (e-voting Event Number), followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and Password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".

- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). 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 "EVEN" i.e., 'Centum Electronics Limited - AGM' and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id cs@nagarajsp818.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_ Even No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the below process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>.
Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. Alternatively, member may send an e-mail request at the email id: einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM

of the Company through VC/OAVM and e-voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC/OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned above.
- ii. Facility for joining AGM though VC/OAVM shall open atleast 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC/OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investors@centumelectronics.com. Questions /queries received by the Company till Wednesday, August, 10, 2022, shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC/OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC/OAVM shall be available for atleast 2000 members on first-come-first-serve basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC/OAVM.

OTHER INSTRUCTIONS:

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the User ID and Password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will open from Monday, August 8, 2022 to Wednesday, August 10, 2022. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the User ID and Password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from Monday, August 8, 2022 at 9:00 a.m. to Wednesday, August 10, 2022 at 5:00 p.m.
- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and e-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Mr. N Shiva Kumar, Deputy Manager at evoting@kfintech.com or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, August 5, 2022, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for e-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID- Client ID, the member may send SMS: MYEPWD <space> e-voting Event Number+Folio No. or DP ID Client ID to 9212993399
 1. Example for NSDL:
 2. MYEPWD <SPACE> IN12345612345678
 3. Example for CDSL:
 4. MYEPWD <SPACE> 1402345612345678
 5. Example for Physical:
 6. MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.
- VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
26. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Limited at toll free number 1-800-3094-001 or write to them at evoting@kfintech.com.

**By Order of the Board of Directors
For Centum Electronics Limited**

**Indu H S
Company Secretary &
Compliance Officer**

**Place: Bengaluru
Date: May 24, 2022**

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No.4:

This Explanatory Statement is provided in terms of Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the same is not required as per Section 102 of the Companies Act, 2013.

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number - 101049W/E300004) were appointed as Statutory Auditors of the Company at the 24th Annual General Meeting ('AGM') for a period of 5 years, up to the conclusion of 29th AGM. M/s. S. R. Batliboi & Associates LLP are eligible for re-appointment for the second term, for a further period of 5 years. M/s. S. R. Batliboi & Associates LLP have given their consent for their re-appointment as Statutory Auditors of the Company and have issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder. Based on the recommendations of the Audit Committee and the Board of Directors, it is hereby proposed to re-appoint M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, having (Firm Registration Number - 101049W/E300004), as the Statutory Auditors of the Company for the second and final term of five consecutive years, who shall hold office from the conclusion of this 29th AGM till the conclusion of the 34th AGM of the Company. The remuneration proposed to be paid to the Statutory Auditors during their second and final term would be in line with the existing remuneration and shall commensurate with the services to be rendered by them during the said tenure. The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Promoters, Directors, Key Managerial Personnel or their relatives are interested, financially or otherwise, if any in the Resolution No. 04 of the accompanying Notice except to the extent of their Shareholding, if any in the Company.

The Board recommends Ordinary Resolution at Item No. 04 of the accompanying Notice for approval of the Members.

Item No. 5:

The provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 mandates the Company to get its cost records audited every year. The Board of Directors has considered the appointment of M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296) as the Cost Auditors of the Company for the financial year 2022-23 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 2022-23.

The Board of Directors recommends the Ordinary Resolution as set out in Item No.05 of the Notice for the approval of the Shareholders.

None of the Promoters, Directors, Key Managerial Personnel or their relatives are interested, financially or otherwise, if any in the Resolution No. 05 of the accompanying Notice except to the extent of their Shareholding, if any in the Company.

**By Order of the Board of Directors
For Centum Electronics Limited**

**Place: Bengaluru
Date: May 24, 2022**

**Indu H S
Company Secretary &
Compliance Officer**

Details of the Director seeking re-appointment at the 29th Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting]

Dr. Swarnalatha Mallavarapu:

Date of birth	12.10.1956
Date of appointment	26.03.2015

Qualifications:

Dr. Swarnalatha Mallavarapu (Latha) received her Ph. D. in Physics and worked in some of the premier research institutes in India and the US. The major research Labs she worked at are, The US Air Force Weapons Labs in Albuquerque, the Indian Institute of Science in Bangalore and the R&D division of Bharat Electronics Limited. She is an Alumnus of the Indian Institute of Science. Her research in thin films and devices for applications such as optical coatings, super conducting coatings, magnetic memory devices, etc., have been well recognized. Her work has been published in several reputed international and national scientific journals and conferences.

No. of shares held in the Company	3,69,150
Names of Listed entities in which she holds the Directorship as on March 31, 2022	Centum Electronics Limited
Chairman/Member of the Committees of the Listed entities Board as on March 31, 2022	Member of Corporate Social Responsibility Committee and Stakeholders' Relationship 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 of 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.



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Corporate Identity Number (CIN) - L85110KA1993PLC013869

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