

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To  
The Board of Directors of  
Centum Electronics Limited**

**Report on the audit of the Standalone Financial Results**

**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Centum Electronics Limited (the "Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" 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 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to the note no 10 to the accompanying standalone financial results for the year ended March 31, 2020 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations and financial position of the Company 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.



## **Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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 Statement, including the disclosures, and whether the Statement represents 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.

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Sandeep Karnani

Partner

Membership No.: 061207



UDIN: 20061207AAAADD9788

Place: Bengaluru

Date: July 28, 2020

Centum Electronics Limited  
Corporate Identity Number (CIN): L85110KA1993PLC013869  
Regd. Office: No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru - 560 106  
Phone: +91-80-41436000 Fax: +91-80-41436005  
Email: investors@centumelectronics.com Website: www.centumelectronics.com

**Statement of standalone financial results for the quarter and year ended March 31, 2020**

Sl. No.	Particulars	Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		Refer Note 11	(Unaudited)	Refer Note 11	(Audited)	(Audited)
1	<b>Income</b>					
	(a) Revenue from operations					
	(i) Sales/Income from operations	1,161.73	1,216.10	1,507.62	4,657.35	4,893.52
	(ii) Other operating income	70.62	31.41	21.09	166.43	93.30
	(b) Other income					
	(i) Gain on account of foreign exchange fluctuations (net)	-	-	29.97	-	-
	(ii) Others	2.93	2.38	11.94	10.09	22.54
	(c) Finance income	5.94	7.46	4.61	33.13	15.58
	<b>Total income</b>	<b>1,241.22</b>	<b>1,257.35</b>	<b>1,575.23</b>	<b>4,867.00</b>	<b>5,024.94</b>
2	<b>Expenses</b>					
	(a) Cost of materials consumed	461.07	706.13	781.27	2,860.98	3,136.68
	(b) Changes in inventories of finished goods and work-in-progress	228.86	(38.11)	190.18	(57.47)	(1.49)
	(c) Employee benefits expenses	221.14	185.58	196.44	767.42	673.41
	(d) Finance costs	92.34	56.74	58.16	276.58	267.65
	(e) Depreciation and amortisation expenses	37.07	34.68	29.78	131.54	120.88
	(f) Loss on account of foreign exchange fluctuations (net)	18.12	14.75	-	63.61	34.04
	(g) Other expenses	126.13	162.27	137.61	476.52	447.59
	<b>Total expenses</b>	<b>1,184.73</b>	<b>1,122.04</b>	<b>1,393.44</b>	<b>4,519.18</b>	<b>4,678.76</b>
3	<b>Profit / (Loss) before exceptional items and tax (1-2)</b>	<b>56.49</b>	<b>135.31</b>	<b>181.79</b>	<b>347.82</b>	<b>346.18</b>
4	Exceptional items (Refer note 5)	-	-	-	-	328.84
5	<b>Profit / (Loss) before tax (3 ± 4)</b>	<b>56.49</b>	<b>135.31</b>	<b>181.79</b>	<b>347.82</b>	<b>675.02</b>
6	<b>Tax expenses</b>					
	(a) Current tax (Refer note 7)	23.43	36.15	44.48	104.26	143.67
	(b) Deferred tax (credit) / charge	(11.63)	(0.93)	(9.51)	(6.81)	(48.62)
7	<b>Profit / (Loss) for the period (5 ± 6)</b>	<b>44.69</b>	<b>100.09</b>	<b>146.82</b>	<b>250.37</b>	<b>580.02</b>
8	<b>Other Comprehensive Income/(Expenses) (net of tax)</b>					
	(a) Items that will not be reclassified to profit or loss					
	(i) Remeasurements of the net defined benefit liability	(0.82)	1.21	2.67	2.80	4.82
	(ii) Income tax on above	0.45	(0.42)	(0.93)	(0.81)	(1.69)
	(b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax on above	-	-	-	-	-
9	<b>Total Comprehensive Income for the period (Comprising (loss) / profit and Other Comprehensive Income/(Expenses) (net of tax) for the period (7±8))</b>	<b>44.32</b>	<b>100.88</b>	<b>148.56</b>	<b>252.36</b>	<b>583.15</b>
10	<b>Paid up equity share capital</b> (Face value - Rs. 10 per share)	<b>128.85</b>	<b>128.85</b>	<b>128.81</b>	<b>128.85</b>	<b>128.81</b>
11	<b>Earnings per equity share (of Rs. 10 each):</b>					
	(a) Basic (Rs.)	3.47	7.77	11.40	19.43	45.04
	(b) Diluted (Rs.)	3.47	7.76	11.38	19.42	45.00



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Notes of standalone financial results for the quarter and year ended March 31, 2020

1. Statement of standalone assets and liabilities		
	(Rs. in Million)	
	March 31, 2020	March 31, 2019
	(Audited)	(Audited)
<b>I Assets</b>		
<b>(1) Non-current assets</b>		
(a) Property, plant and equipment	1,115.56	972.45
(b) Capital work-in progress	13.51	70.65
(c) Goodwill	36.35	36.35
(d) Other intangible assets	53.99	16.71
(e) Right-of-use-assets	20.93	-
(f) Intangible asset under development	-	29.53
(g) Financial assets		
(i) Investments (refer note 8)	489.20	488.70
(ii) Loans	20.96	19.58
(iii) Other non-current financial assets	259.38	261.18
(h) Deferred tax assets (net)	28.20	50.76
(i) Non-current tax assets (net)	33.54	33.54
(j) Other non-current assets	25.92	59.29
<b>Total Non-current assets</b>	<b>2,097.54</b>	<b>2,038.74</b>
<b>(2) Current assets</b>		
(a) Inventories	2,204.06	2,251.23
(b) Financial assets		
(i) Trade receivables	1,699.65	1,862.67
(ii) Cash and cash equivalents	55.19	45.06
(iii) Bank balances other than cash and cash equivalents	97.06	118.55
(iv) Other current financial assets	77.24	124.84
(v) Loans	0.33	0.48
(c) Other current assets	130.93	153.51
<b>Total Current assets</b>	<b>4,264.46</b>	<b>4,556.34</b>
<b>Total assets (1+2)</b>	<b>6,362.00</b>	<b>6,595.08</b>
<b>II Equity and liabilities</b>		
<b>(1) Equity</b>		
(a) Equity share capital	128.85	128.81
(b) Other equity	2,234.53	2,043.56
<b>Total equity</b>	<b>2,363.38</b>	<b>2,172.37</b>
<b>Liabilities</b>		
<b>(2) Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	196.94	237.63
(ii) Lease liabilities (refer note 9)	24.07	-
(iii) Other non-current financial liabilities	2.00	0.16
(b) Government grants	16.46	20.14
(c) Net non-current employee defined benefit liabilities	45.03	36.49
<b>Total Non-current liabilities</b>	<b>284.50</b>	<b>294.42</b>
<b>(3) Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	1,494.23	1,626.04
(ii) Lease liabilities (refer note 9)	5.68	-
(iii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	25.60	27.68
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,113.45	1,035.67
(iv) Other current financial liabilities	270.99	312.51
(b) Government grants	3.68	3.68
(c) Other current liabilities	682.80	958.84
(d) Net current employee defined benefit liabilities	6.16	5.95
(e) Provisions	34.52	16.35
(f) Liabilities for current tax (net)	77.01	141.57
<b>Total Current liabilities</b>	<b>3,714.12</b>	<b>4,128.29</b>
<b>Total equity and liabilities (1+2+3)</b>	<b>6,362.00</b>	<b>6,595.08</b>



*Mr. Aha Rao*

## Notes of standalone financial results for the quarter and year ended March 31, 2020

## 2. Standalone Statement of Cash Flows for the year ended March 31, 2020

	(Rs. in million)	
	March 31, 2020	March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	347.82	675.02
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortization expenses	131.54	120.88
Provisions no longer required, written back	(0.64)	(3.59)
Fair value loss on financial instruments	1.84	0.08
Net foreign exchange differences (unrealised)	73.28	(4.38)
Provision for Expected credit loss	41.17	61.58
Government Grants	(3.69)	(9.12)
Employee share based options	0.49	0.80
Finance income	(33.13)	(15.58)
Finance costs	276.58	267.65
Profit on sale of investments in a joint venture	-	(328.84)
<b>Operating profit before working capital changes</b>	<b>835.26</b>	<b>764.50</b>
Working capital adjustments:		
(Increase) / decrease in inventories	47.17	221.89
(Increase) / decrease in trade receivables	179.01	(993.74)
Decrease / (increase) in other assets	(15.95)	37.30
Increase / (decrease) in trade payables, provisions and other liabilities	(235.23)	300.33
<b>Cash generated from / (used in) operations</b>	<b>810.26</b>	<b>330.28</b>
Direct taxes paid (net of refunds)	(153.78)	(13.86)
<b>Net cash (used in) / from operating activities</b>	<b>656.48</b>	<b>316.42</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, including intangible assets and capital advances	(182.31)	(131.34)
Purchase of non-current investments	(0.50)	(1.00)
Proceed from sale of non-current investments	93.93	272.46
Investment in bank deposits (having original maturity of more than three months) and other bank balances	23.29	(221.05)
Loan given to a related party	(4.50)	(15.50)
Interest received	23.32	8.46
Government grant received	-	32.94
<b>Net cash (used in) / from investing activities</b>	<b>(46.77)</b>	<b>(55.03)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	50.00	200.00
Repayment of long term borrowings	(134.24)	(100.48)
Payment of lease liabilities	(8.13)	-
Proceeds/ repayment of short term borrowings (net)	(186.37)	(127.80)
Proceeds from issue of share capital	0.27	0.77
Finance costs paid	(261.62)	(252.64)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(61.79)	(15.45)
<b>Net cash (used in) / from financing activities</b>	<b>(601.88)</b>	<b>(295.60)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>7.83</b>	<b>(34.21)</b>
Cash and cash equivalents at the beginning of the year	45.06	79.88
Effect of exchange differences on cash and cash equivalents held in foreign currency	2.30	(0.61)
<b>Cash and cash equivalents at the end of the year</b>	<b>55.19</b>	<b>45.06</b>
<b>Total cash and cash equivalents</b>	<b>55.19</b>	<b>45.06</b>



*Mr. Affa Rao*

Notes of standalone financial results for the quarter and year ended March 31, 2020

- 3 Investors can view the standalone financial results of Centum Electronics Limited ("the Company") on the Company's website [www.centumelectronics.com](http://www.centumelectronics.com) or on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) or NSE ([www.nse-india.com](http://www.nse-india.com)).
- 4 The Company is 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".
- 5 During the year ended March 31, 2019, the Company divested its entire 51% stake in Centum Rakon India Private Limited, a joint venture entity and realized a profit of Rs. 328.84 million (before tax) (Rs. 257.53 million, net of tax) on such sale of shares, which has been disclosed as an 'exceptional item' in the standalone financial results of the Company for the year ended March 31, 2019.
- 6 The standalone financial results of the Company for the quarter and year ended March 31, 2020 have been reviewed by the Audit Committee in their meeting on July 27, 2020 and approved by the Board of Directors in their meeting held on July 28, 2020.
- 7 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 has not exercised the option to pay income tax under the new tax regime during the current financial year.
- 8 The Board of Directors of the Company had considered and approved the investment of 51% controlling stake in Adetel Group SA, France through Centum Electronics UK Limited on June 17, 2016. The said transaction was completed on July 4, 2016. Consequent to the acquisition, Adetel Group SA, France and its subsidiaries, joint ventures/associates became subsidiaries, joint ventures/associates of the Company. Further the Board of Directors of the Company had considered and approved a further investment of 3.15% stake in Centum Adetel Group SA (formerly known as Adetel Group SA, France) through Centum Electronics UK Limited on March 10, 2017.
- Based on internal assessment performed as at March 31, 2020 with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Centum Electronics UK Limited is appropriate.
- 9 Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to lease arrangements existing on the date of initial application using the modified retrospective approach with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 and quarter ended March 31, 2019 have not been retrospectively adjusted.
- 10 The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the Company's business operations. The Company has made a detailed assessment of its liquidity position as at the date of approval of these financial results for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment (including capital work in progress), Intangible assets, Trade receivables, Inventory and Investments as at the reporting date and has concluded that there are no material adjustments required in the standalone financial results. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely and is conducting its operations in compliance with all relevant Government directives and will continue to closely monitor any material changes to future economic conditions and take actions as are appropriate based on future economic conditions. The statutory auditors have given an Emphasis of Matter in this regard.
- 11 The figures for quarter ended March 31 of current and the previous years in the standalone financial results are the balancing figures between the audited figures in respect of the full financial years and the unaudited published year to date figures for the nine months ended December 31 for the respective years.
- 12 The Board of Directors of the Company at their meeting held on July 28, 2020 have recommended a final dividend of Rs. 2.50 /- per equity share of Rs. 10/- each for the financial year ended March 31, 2020. The said final dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

Place : Bengaluru  
Date : July 28, 2020



For Centum Electronics Limited

Apparao V Mallavarapu  
Chairman & Managing Director

