

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 Ind AS Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone Ind AS financial results of Centum Electronics Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("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, 2021 and for the year ended March 31, 2021.

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 Ind AS 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 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the note no 8 to the accompanying standalone Ind AS financial results 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.

Management's Responsibilities for the Standalone Ind AS 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 Ind AS 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 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 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

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 results 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 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, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 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

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KARNANI

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Date: 2021.06.15 20:44:58
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per Sandeep Karnani

Partner

Membership No.: 061207

UDIN: 21061207AAAACQ2991

Place: Bengaluru

Date: June 15, 2021

Statement of standalone Ind AS financial results for the quarter and year ended March 31, 2021

Sl. No.	Particulars	Quarter ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		(Audited) Refer note 9	(Unaudited)	(Audited) Refer note 9	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations					
	(i) Sales/Income from operations	945.30	1,037.83	1,161.73	4,178.80	4,657.35
	(ii) Other operating income	9.62	13.76	70.62	66.47	166.43
	(b) Other income					
	(i) Gain on account of foreign exchange fluctuations (net)	2.30	-	-	-	-
	(ii) Others	9.24	3.63	2.93	18.99	10.09
	(c) Finance income	4.68	5.15	5.94	19.61	33.13
	Total income	971.14	1,060.37	1,241.22	4,283.87	4,867.00
2	Expenses					
	(a) Cost of materials consumed	435.99	544.84	461.07	2,348.15	2,860.98
	(b) Changes in inventories of finished goods and work-in-progress	129.14	81.35	228.86	178.34	(57.47)
	(c) Employee benefit expenses	180.76	170.43	221.14	678.53	767.42
	(d) Finance costs	35.91	42.23	92.34	173.81	276.58
	(e) Depreciation and amortisation expenses	41.76	39.26	37.07	158.21	131.54
	(f) Loss on account of foreign exchange fluctuations (net)	-	2.74	18.12	9.98	63.61
	(g) Other expenses	131.57	80.49	126.13	405.60	476.52
	Total expenses	955.13	961.34	1,184.73	3,952.62	4,519.18
3	Profit / (loss) before tax (1-2)	16.01	99.03	56.49	331.25	347.82
4	Tax expenses					
	(a) Current tax (refer note 6)	15.86	22.78	23.43	82.12	104.26
	(b) Deferred tax charge / (credit)	(4.86)	2.99	(11.63)	9.34	(6.81)
5	Profit / (loss) for the period (3± 4)	5.01	73.26	44.69	239.79	250.37
6	Other comprehensive income/(expenses) (net of tax)					
	(a) Items that will not be reclassified to profit or loss					
	(i) Remeasurements of the net defined benefit liability	(0.67)	0.70	(0.82)	1.43	2.80
	(ii) Income tax on above	0.19	(0.20)	0.45	(0.41)	(0.81)
	(b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax on above	-	-	-	-	-
7	Total comprehensive income for the period (comprising (loss) / profit and other comprehensive income/(expenses) (net of tax) for the period (5±6))	4.53	73.76	44.32	240.81	252.36
8	Paid up equity share capital (Face value- Rs.10 per share)	128.85	128.85	128.85	128.85	128.85
9	Earnings per equity share (of Rs. 10 each):					
	(a) Basic (Rs.)	0.39	5.69	3.47	18.61	19.43
	(b) Diluted (Rs.)	0.39	5.68	3.47	18.60	19.42



Mr. Alpha Rao

Notes to the standalone Ind AS financial results for the quarter and year ended March 31, 2021

1. Statement of standalone assets and liabilities

		(Rs. in Million)	
		March 31, 2021	March 31, 2020
		(Audited)	(Audited)
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment		1,075.23	1,115.56
(b) Capital work-in-progress		22.77	13.51
(c) Goodwill		36.35	36.35
(d) Other intangible assets		54.54	53.99
(e) Right-of-use-assets		36.93	20.93
(f) Financial assets			
(i) Investments (refer note 7)		637.17	489.20
(ii) Loans		20.86	20.96
(iii) Other non-current financial assets		160.99	279.38
(g) Deferred tax assets (net)		18.45	28.20
(h) Non-current tax assets (net)		33.54	33.54
(i) Other non-current assets		13.42	25.92
Total non-current assets		2,110.25	2,117.54
(2) Current assets			
(a) Inventories		1,745.49	2,204.06
(b) Financial assets			
(i) Trade receivables		996.16	1,699.65
(ii) Cash and cash equivalents		104.53	55.19
(iii) Bank balances other than cash and cash equivalents		187.08	97.06
(iv) Loans		0.34	0.33
(v) Other current financial assets		55.30	57.24
(c) Other current assets		143.77	130.93
Total current assets		3,232.67	4,244.46
Total assets (1+2)		5,342.92	6,362.00
II Equity and liabilities			
(1) Equity			
(a) Equity share capital		128.85	128.85
(b) Other equity		2,417.85	2,234.53
Total equity		2,546.70	2,363.38
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings		113.98	196.94
(ii) Lease liabilities		12.59	24.07
(iii) Other non-current financial liabilities		-	2.00
(b) Government grants		34.44	16.46
(c) Net non-current employee defined benefit liabilities		55.38	45.03
Total non-current liabilities		216.39	284.50
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings		1,196.55	1,494.23
(ii) Lease liabilities		19.71	5.68
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises		50.89	25.61
Total outstanding dues of creditors other than micro enterprises and small enterprises		536.88	1,110.14
(iv) Other current financial liabilities		183.44	270.99
(b) Government grants		7.87	3.68
(c) Other current liabilities		469.39	686.10
(d) Net current employee defined benefit liabilities		6.26	6.16
(e) Provisions		32.94	34.52
(f) Liabilities for current tax (net)		75.90	77.01
Total current liabilities		2,579.83	3,714.12
Total equity and liabilities (1+2+3)		5,342.92	6,362.00



Mr. Arha Rao

Notes to the standalone Ind AS financial results for the quarter and year ended March 31, 2021

2. Standalone Statement of Cash Flows for the year ended March 31, 2021

	(Rs. in million)	
	March 31, 2021	March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	331.25	347.82
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortization expenses	158.21	131.54
Provisions no longer required, written back	(1.82)	(0.64)
Fair value (gain) / loss on financial instruments	(2.17)	1.84
Net foreign exchange differences (unrealised)	3.89	73.28
Provision for expected credit loss / bad debts written off	65.44	41.17
Government grants	(9.95)	(3.69)
Employee share based options	0.49	0.49
Finance income	(19.61)	(33.13)
Finance costs	173.81	276.58
Operating profit before working capital changes	699.54	835.26
Working capital adjustments:		
Decrease / (increase) in inventories	458.57	47.17
Decrease / (increase) in trade receivables	635.86	179.01
(Increase) / decrease in other assets	(4.42)	(15.95)
(Decrease)/ increase in trade payables, provisions and other liabilities	(759.60)	(235.24)
Cash generated from operations	1,029.95	810.25
Direct taxes paid (net of refunds)	(90.72)	(153.78)
Net cash from operating activities	939.23	656.47
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(127.82)	(182.31)
Purchase of non-current investments	(147.65)	(0.50)
Proceed from sale of non-current investments	-	93.93
Investment in bank deposits (having original maturity of more than three months) and other bank balances	28.37	23.29
Loan given to a related party	-	(4.50)
Interest received	18.75	23.32
Government grants received	32.12	-
Net cash used in investing activities	(196.23)	(46.77)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	50.00
Repayment of long-term borrowings	(160.38)	(134.24)
Payment of lease liabilities	(18.92)	(8.12)
Proceeds / repayment of short-term borrowings (net)	(296.19)	(186.37)
Proceeds from issue of share capital	-	0.27
Finance costs paid	(160.13)	(261.62)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(58.18)	(61.79)
Net cash used in financing activities	(693.80)	(601.87)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	49.20	7.83
Cash and cash equivalents at the beginning of the year	55.19	45.06
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.14	2.30
Cash and cash equivalents at the end of the year	104.53	55.19
Total cash and cash equivalents	104.53	55.19



Mr. Alpha Rao

Notes to the standalone Ind AS financial results for the quarter and year ended March 31, 2021

3 Investors can view the standalone Ind AS financial results of Centum Electronics Limited ("the Company") on the Company's website www.centumelectronics.com or on the websites of BSE (www.bseindia.com) or NSE (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 The accompanying standalone Ind AS financial results of the Company for the quarter and year ended March 31, 2021 have been reviewed by the Audit Committee in their meeting on June 14, 2021 and approved by the Board of Directors in their meeting held on June 15, 2021.

6 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 exercised the option to pay income tax under the new tax regime from the current financial year.

7 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 continues to be higher than the net worth of Centum Adetel Group SA. However, based on internal assessment performed with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Centum Electronics UK Limited is appropriate.

b) During the year ended March 31, 2020, the management 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 ("HOLIWATT")), subsidiary of Centum Adetel Group SA. Centum Adetel Group SA has a put option to sale its remaining 35% stake at a fixed price amounting to amounting to EUR 3.96 million plus interest at the rate of 6% p.a as per the aforesaid sale agreement and other receivables of EUR 0.5 million. Subsequent to the year ended March 31, 2021 the HOLIWATT has been placed in specific insolvency statutes, allowing the Company to commence negotiation with other parties including its shareholders. Centum Adetel Group SA is evaluating the impact of the aforesaid action. However, considering there is a committed contract for the sale of the balance 35% stake at a fixed price, the management believes that at this stage there is no reason to consider any impact on the carrying value of its investment in Centum Adetel Group SA, a step down subsidiary of Centum Electronics UK Limited.

8 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 year began amidst a strict lockdown post the emergence of COVID -19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However a much stronger second wave of COVID -19 infections hit the country subsequent to March 31, 2021 and may result in significant disruption to our business. The Company has made a detailed assessment of its liquidity position as at the date of approval of these standalone Ind AS 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, 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 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 Ind AS financial results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Independent Auditor's Report in this regard.

9 The figures for quarter ended March 31 of current and the previous years in the standalone Ind AS 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, being the date of the end of the third quarter of the financial year which were subjected to limited review.

10 The Board of Directors of the Company at their meeting held on June 15, 2021 have recommended a final dividend of Rs.2 per equity share of Rs.10/- each for the financial year ended March 31, 2021. The said final dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

11 Figures pertaining to previous quarter / period / year have been re-grouped / reclassified, wherever necessary, to conform to the classification adopted in the current period.

Place : Bengaluru
Date : June 15, 2021

For Centum Electronics Limited


Apparao V Mallavarapu
Chairman & Managing Director

