

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Centum Electronics Limited**

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Centum Electronics Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 01, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

5. We draw attention to the note no 7 to the accompanying unaudited 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 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 conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Sandeep Karnani

Partner

Membership No.: 061207

UDIN: 21061207AAAAFK1505

Bengaluru

November 10, 2021



Statement of unaudited standalone Ind AS financial results for the quarter and six month ended September 30, 2021

Sl. No.	Particulars	Quarter ended			Six month ended		(Rs. in Million)
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	Year ended March 31, 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations						
	(i) Sales/Income from operations	817.97	599.75	1,163.23	1,417.72	2,195.67	4,178.80
	(ii) Other operating income	3.01	2.34	22.99	5.35	43.09	66.47
	(b) Other income						
	(i) Gain on account of foreign exchange fluctuations (net)	5.57	-	-	-	-	-
	(ii) Others	15.66	7.32	3.12	22.98	6.12	18.99
	(c) Finance income	10.69	4.59	4.32	15.28	9.78	19.61
	Total income	852.90	614.00	1,193.66	1,461.33	2,254.66	4,283.87
2	Expenses						
	(a) Cost of materials consumed	636.79	406.06	780.02	1,042.85	1,367.32	2,348.15
	(b) Changes in inventories of finished goods and work-in-progress	(140.32)	(19.30)	(56.31)	(159.62)	(32.15)	178.34
	(c) Employee benefit expenses	170.32	158.45	162.30	328.77	327.34	678.53
	(d) Finance costs	34.65	43.86	40.74	78.51	95.67	173.81
	(e) Depreciation and amortisation expenses	41.34	41.41	39.45	82.75	77.19	158.21
	(f) Loss on account of foreign exchange fluctuations (net)	-	6.97	0.40	1.40	9.54	9.98
	(g) Other expenses	81.32	67.75	84.23	149.07	193.54	405.60
	Total expenses	824.10	705.20	1,050.83	1,523.73	2,038.45	3,952.62
3	Profit / (Loss) before exceptional items and tax (1-2)	28.80	(91.20)	142.83	(62.40)	216.21	331.25
4	Exceptional items (refer note 6b)	-	(18.36)	-	(18.36)	-	-
5	Profit / (Loss) before tax (3± 4)	28.80	(109.56)	142.83	(80.76)	216.21	331.25
6	Tax expenses						
	(a) Current tax	(2.43)	-	2.23	(2.43)	43.48	82.12
	(b) Deferred tax (credit) /charge	7.31	(27.31)	33.31	(20.00)	11.21	9.34
7	(Loss) / profit for the period (5± 6)	23.92	(82.25)	107.29	(58.33)	161.52	239.79
8	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	0.36	0.36	0.70	0.72	1.40	1.43
	(ii) Income tax on above	(0.10)	(0.10)	(0.20)	(0.20)	(0.40)	(0.41)
	(b) Items that will be reclassified to profit or loss						
	(i) Net movement on effective portion of cash flow hedge	0.84	-	-	0.84	-	-
	(ii) Income tax on above	(0.21)	-	-	(0.21)	-	-
9	Total comprehensive income for the period (comprising (loss) / profit and other comprehensive income/(expenses) (net of tax) for the period (7±8))	24.81	(81.99)	107.79	(57.18)	162.52	240.81
10	Paid up equity share capital (Face value- Rs.10 per share)	128.85	128.85	128.85	128.85	128.85	128.85
11	Earnings per equity share (of Rs. 10 each):						
	(a) Basic (Rs.)	1.86	(6.38)	8.33	(4.53)	12.54	18.61
	(b) Diluted (Rs.)	1.86	(6.38)	8.32	(4.53)	12.53	18.60



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Notes to the standalone Ind AS financial results for the quarter and six month ended September 30, 2021

1. Statement of standalone assets and liabilities

		(Rs. in Million)	
		September 30, 2021	March 31, 2021
		(Unaudited)	(Audited)
I	Assets		
(1)	Non-current assets		
	(a) Property, plant and equipment	1,037.32	1,075.23
	(b) Capital work-in-progress	23.48	22.77
	(c) Goodwill	36.35	36.35
	(d) Other intangible assets	47.31	54.54
	(e) Right-of-use-assets	32.22	36.93
	(f) Financial assets		
	(i) Investments (refer note 6)	627.85	637.17
	(ii) Other non-current financial assets	271.77	181.85
	(g) Deferred tax assets (net)	38.04	18.45
	(h) Non-current tax assets (net)	56.68	33.54
	(i) Other non-current assets	15.22	13.42
	Total non-current assets	2,186.24	2,110.25
(2)	Current assets		
	(a) Inventories	1,929.88	1,745.49
	(b) Financial assets		
	(i) Trade receivables	768.27	996.16
	(ii) Cash and cash equivalents	29.64	104.53
	(iii) Bank balances other than cash and cash equivalents	87.96	187.08
	(iv) Other current financial assets	67.52	55.64
	(c) Other current assets	144.93	143.77
	Total current assets	3,028.20	3,232.67
	Total assets (1+2)	5,214.44	5,342.92
II	Equity and liabilities		
(1)	Equity		
	(a) Equity share capital	128.85	128.85
	(b) Other equity	2,334.99	2,417.85
	Total equity	2,463.84	2,546.70
	Liabilities		
(2)	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	-	113.98
	(ii) Lease liabilities	6.11	12.59
	(b) Government grants	30.49	34.44
	(c) Net non-current employee defined benefit liabilities	57.10	55.38
	Total non-current liabilities	93.70	216.39
(3)	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	1,058.11	1,277.78
	(ii) Lease liabilities	14.46	19.71
	(iii) Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	51.34	50.89
	Total outstanding dues of creditors other than micro enterprises and small enterprises	639.56	536.88
	(iv) Other current financial liabilities	88.32	102.21
	(b) Government grants	7.87	7.87
	(c) Other current liabilities	755.25	469.39
	(d) Net current employee defined benefit liabilities	6.26	6.26
	(e) Provisions	31.66	32.94
	(f) Liabilities for current tax (net)	4.07	75.90
	Total current liabilities	2,656.90	2,579.83
	Total equity and liabilities (1+2+3)	5,214.44	5,342.92



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2. Statement of unaudited standalone cash flows

(Rs. in million)

	Six month ended September 30, 2021 (Unaudited)	Six month ended September 30, 2020 (Unaudited)
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(80.76)	216.21
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortization expenses	82.75	77.19
Provisions no longer required, written back	(0.03)	(0.79)
Fair value (gain) / loss on financial instruments	(0.15)	(1.32)
Net foreign exchange differences (unrealised)	5.49	0.39
Provision for expected credit loss / bad debts written off	2.09	47.85
Government grants	(3.95)	(1.84)
Employee share based options	0.16	0.24
Finance income	(15.28)	(9.78)
Finance costs	59.24	95.67
Operating profit before working capital changes	49.57	423.82
Working capital adjustments:		
(Increase) / decrease in inventories	(184.39)	148.11
Decrease / (increase) in trade receivables	228.72	(22.18)
(Increase) / decrease in other assets	(13.39)	(17.66)
Increase / (decrease) in trade payables, provisions and other liabilities	385.33	(375.85)
Cash generated from / (used in) operations	465.84	156.24
Direct taxes paid (net of refunds)	(86.51)	(9.00)
Net cash (used in) / from operating activities	379.33	147.24
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(48.21)	(48.86)
Purchase of non-current investments	-	(93.52)
Proceeds from the sale of investments	9.32	-
Investment in bank deposits (having original maturity of more than three months) and other bank balances	9.21	78.33
Interest received	11.02	11.25
Net cash (used in) / from investing activities	(18.66)	(52.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(195.21)	(69.70)
Payment of lease liabilities	(13.09)	(4.97)
Proceeds/ repayment of short term borrowings (net)	(144.33)	83.46
Finance costs paid	(57.32)	(87.85)
Dividend paid (including amount transferred to Investor Education & Protection Fund)	(25.79)	(32.10)
Net cash (used in) / from financing activities	(435.74)	(111.16)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(75.07)	(16.72)
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	0.18	(0.27)
Cash and cash equivalents at the end of the year	29.64	38.20
Total cash and cash equivalents	29.64	38.20



Mr. Aha R.

Notes to the unaudited standalone Ind AS financial results for the quarter and six month ended September 30, 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 unaudited standalone Ind AS financial results of the Company for the quarter and six month ended September 30, 2021 have been reviewed by the Audit Committee in their meeting on November 09, 2021 and approved by the Board of Directors in their meeting held on November 10, 2021.

6 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, 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 had 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. During the six month ended September 30, 2021, the Commercial Court of Lyon has announced the opening of judicial recovery procedures and accordingly, based on its internal assessment, the management of the Company has provided for its receivables amounting to Rs. 18.36 million and the same has been disclosed as exceptional items in the unaudited standalone Ind AS financial results for the six month ended September 30, 2021.

7 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 during the quarter ended June 30, 2021 which 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 unaudited 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 unaudited 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 unaudited 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 Review Report in this regard.

8 The Board of Directors of the Company at their meeting held on June 15, 2021 had 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 paid during the quarter and six month ended September 30, 2021 post approval of the shareholders at the Annual General Meeting.

9 For the year / periods the Company has incurred losses, the allotment of stock options would increase the loss per share for the respective year / periods and accordingly has not been considered for the purpose of calculation of diluted earnings per share.

10 The statutory auditor's of the Company have carried out a limited review of the unaudited standalone Ind AS financial results for the quarter and six month ended September 30, 2021.

Place : Bengaluru
Date : November 10, 2021

For Centum Electronics Limited


Apparao V Mallavarapu
Chairman & Managing Director

