

FORM A

Covering letter to the annual audit report to be filed with the stock exchanges

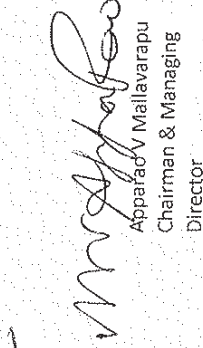
1	Name of the company	Centum Electronics Limited
2	Annual financial statements for the year ended	31st March 2015
3	Type of Audit observation	Unqualified
4	Frequency of onservatation	Not applicable

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W100022



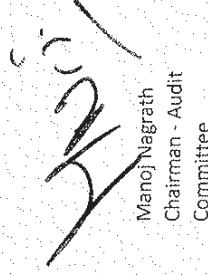
Sampad Guha Thakurta
Partner
Membership No.: 060573

Place : Bangalore
Date : 27 May 2015



Apparao V. Mallavarapu
Chairman & Managing
Director

Place : Bangalore
Date : 27 May 2015



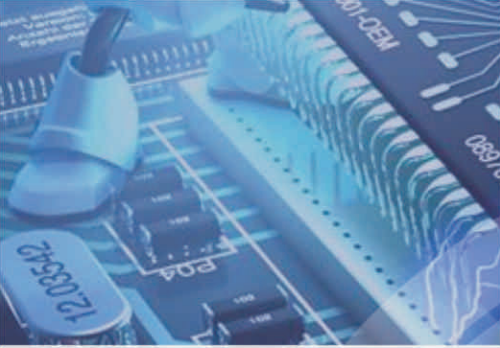
Manoj Nagrath
Chairman - Audit
Committee

Place : Bangalore
Date : 27 May 2015



K.S. Desikan
Chief Financial
Officer

Place : Bangalore
Date : 27 May 2015




TEAM WORK | TECHNOLOGY | TRUST



Centum Electronics Limited
Annual Report 2014-15





Centum is integrating cutting-edge dominant technologies and expertise in the area of design and engineering to strategically develop and produce state-of-the-art sub-systems and electronic products for mission critical applications.

For specifications that require high quality, high performance and zero defect electronics, Centum is the solution. We develop and produce robust and reliable electronics for defense, aerospace, space, industrial, telecom and medical sectors.

Contents

Notice	1
Directors' Report	11
Management Discussion & Analysis	20
Corporate Governance Report	42
Auditor's Report	60
Balance Sheet	64
Statement of Profit & Loss	65
Notes to Financial Statements	66
Cash Flow Statement	90
Statement on Subsidiary Company	
Consolidated Financial Results	
Auditor's Report	91
Balance Sheet	96
Statement of Profit & Loss	97
Notes to Financial Statements	98
Cash Flow Statement	121

Annual General Meeting	: Friday, August 7, 2015
Time	: 11.30 a.m.
Venue	: No.44, KHB Industrial Area Yelahanka Newtown Bangalore - 560 106

QUALITY POLICY

All our products and activities shall meet the expectations of our customers and stakeholders in quality, technology and value.

This commitment is achieved through effective teamwork We shall develop, maintain and continuously improve of every employee, supplier and customer. the documented systems and enhance quality of all our products, processes and services and promote customer trust and satisfaction.



Board of Directors



Apparao V Mallavarapu
Chairman & Managing Director



Rajiv C Mody
Independent Director



Manoj Nagrath
Independent Director



S. Krishnan
Independent Director



Pranav Kumar Patel
Independent Director



Dr. Swarnalatha Mallavarapu
Director

Chief Financial Officer (CFO)

K S Desikan

Company Secretary

Ramu Akkili

Statutory Auditors

BSR & Co. LLP

Internal Auditors

Ernst & Young Co. LLP

Bankers

State Bank of India
Citibank N.A.
Kotak Mahindra Bank

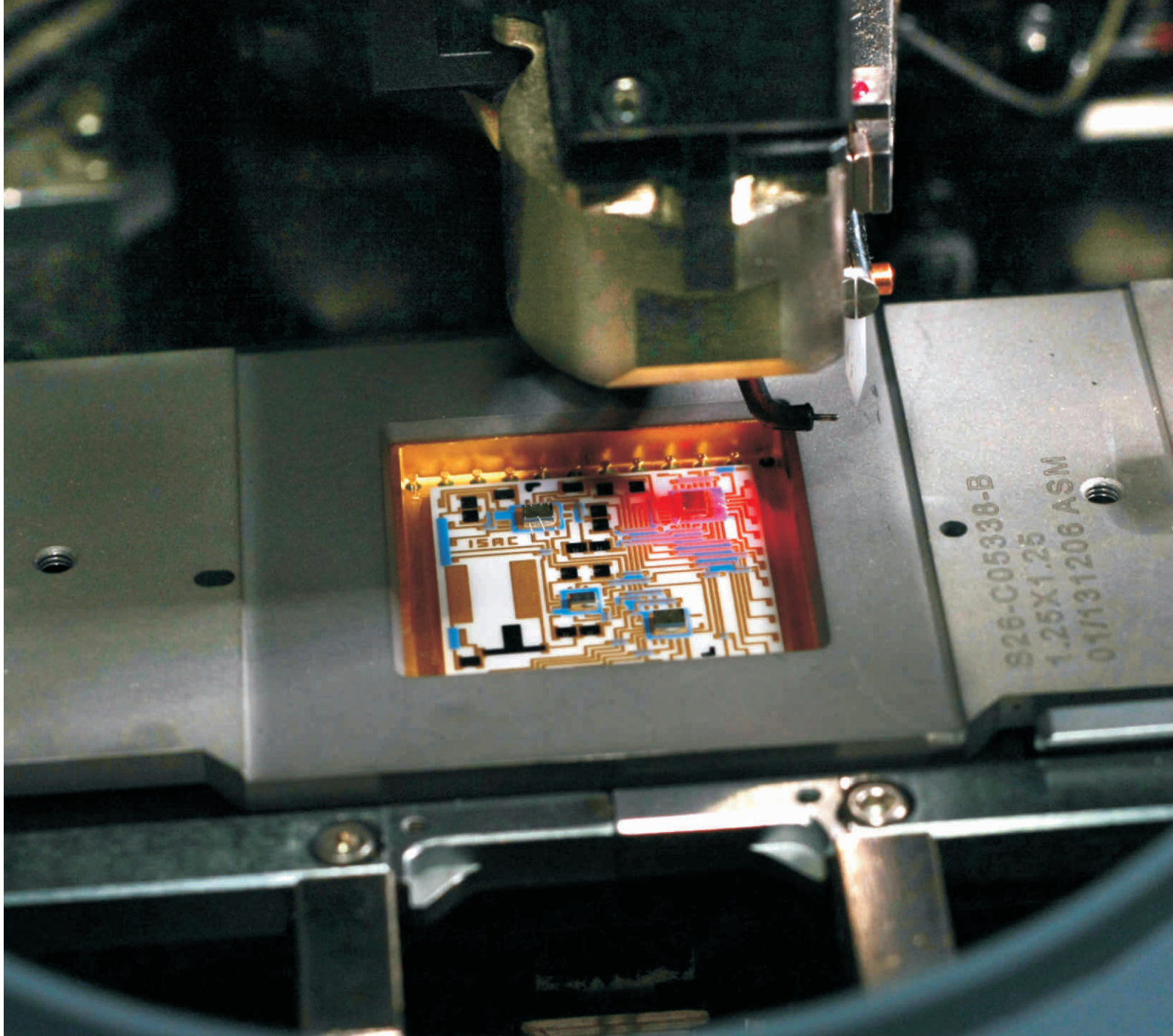
Share Transfer Agents

M/s Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500032

Centum Electronics Limited

Registered Office No. 44, KHB Industrial Area,
Yelahanka New Township, Bangalore - 560 106.
CIN – L85110KA1993PLC013869

www.centumelectronics.com



“ We will continue to be a frontrunner in the area of critical and high-technology electronics by providing best-of-breed product solutions by leveraging our domain expertise, design excellence and state-of-the-art manufacturing capabilities ”

Apparao Mallavarapu
Chairman & Managing Director

Technologies evolve but one thing stays the same, the need to ensure absolute performance when it matters most. Success depends on the ideal mix of talent and technology - and as technology becomes more complex, assuring readiness gets tougher.

Centum is a source of assurance that excellence will succeed. Through our expertise, we give more time to the bigger issues: fulfilling today's mission and managing the transition to what comes next.



Notice of the 22nd Annual General Meeting

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Centum Electronics Limited will be held on Friday, August 7, 2015 at 11.30 am at the registered office of the Company, #44, KHB Industrial Area, Yelahanka New Town, Bangalore - 560 106, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a. the Audited Financial Statements of the company for the financial year ended March 31, 2015, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015, together with the Report of the Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare a Final Dividend for the financial year 2014-15.
3. To appoint M/s. BSR & Co. LLP, Chartered Accountants, as Auditors of the Company for holding office up to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Manoj Nagrath (DIN 01974412), Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who qualifies for being appointed as an Independent Director in terms of Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retirement by rotation, to hold office for a term of 5 (five) consecutive years.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajiv C Mody (DIN 00092037), Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who qualifies for being appointed as an Independent Director in terms of Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retirement by rotation, to hold office for a term of 5 (five) consecutive years.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 of the Companies Act, 2013 (Act), and other applicable provision of the Act, and Clause 49 of the Listing Agreement, Dr. Swarnalatha Mallavarapu (DIN 0288771), who was appointed as an Additional Director of the Company, holds office upto the date of this Annual General Meeting, and who is eligible for the appointment, be and is hereby appointed as a director of the company.”

Notice (Contd...)

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of sections 196, 197, 198, 203 and other applicable provisions if any, of the Companies Act, 2013 (‘Act’) read with Schedule V to the Act, the Company approves the re-appointment of Mr. Apparao V Mallavarapu, as the Chairman & Managing Director for a period of 5 years with effect from 1st August 2015 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

“RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited with the company duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. The relative Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Special Business is set annexed hereto.
3. The Register of members and Share Transfer books will remain closed from 5th August, 2015 to 7th August, 2015 (both days inclusive) for the purpose of ascertaining the members eligible to receive the recommended dividend. The Final dividend, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend will be made on Wednesday, September 2, 2015.
4. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ESC), mandates, nominations, power of attorney, change of address, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the company and the company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.
5. To support the 'Green initiative' Members who have not registered their e-mail addresses are requested to register the same with Karvy/Depositories.
6. Nomination facility: It is to bring to the notice of all the Members, individual Members are entitled to make a nomination in respect of the shares held by them. The Members, who desire to send their nominations, are requested to send the Nomination in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the company for registering the nominations, if any.
7. Members attending the Annual General Meeting are requested to bring the following with them (as applicable):
 - a) Members holding shares in dematerialized form, their DP & Client ID Number(s).
 - b) Members holding shares in physical form, their folio number,
 - c) Copy of the Annual Report & Notice (2014-15).
 - d) The Attendance Slip duly completed & signed in terms of specimen signature lodged with the company.
 - e) Member companies/Institutions are requested to send a copy of the resolution of their Board/Governing Body, authorizing their representative to attend and vote at the Annual General Meeting.

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8. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder and Clause 35B of the Listing Agreement, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s. Karvy Computershare Limited, on all the resolutions set forth in this Notice. Members, who do not have the access to e-voting facility, can send their assent or dissent in writing in respect of the resolutions as set out in this Notice (Ballot Form enclosed).

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from Karvy (for Members whose e-mail addresses are registered with the Company/Depositories):
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>
 - ii. Enter the login credentials (i.e., User ID and password mentioned below). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, Click on “LOGIN”.
 - iv. You will now reach 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 the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - vii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - viii. 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.
 - ix. You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - x. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
 - xi. Corporate/Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cs@nagarajsp818.com.
 - xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.karvy.com.
 - xiii. In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. August 1, 2015, may write to the Karvy on the email Id: varghese1@karvy.com or to Mr P. A. Varghese, Contact No. 040-67161564 or at 18003454001 (toll free), at [Unit: Centum Electronics Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sl. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
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Notice (Contd...)

- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
- a. User ID and password - these will be sent separately.
 - b. Please follow all steps from Sl. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. Other Instructions:
- i. The e-voting period commences on Tuesday, August 4, 2015 (9.00 a.m. IST) and ends on Thursday, August 6, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut off date, August 1, 2015, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. Further, members who could not exercise the voting as above, can vote through Ballot form (enclosed to the notice). The duly completed Ballot form should reach the Scrutinizer at [The Scrutinizer, Unit: Centum Electronics Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, not later than Thursday, August 6, 2015. Ballot Forms received after this date will be treated as invalid.
 - iii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on August 1, 2015 (Cut off date). A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of e-voting, voting through Ballot Form as well as voting at the AGM.
 - iv. The members of the company, holding shares either in physical form or in dematerialized form, as on August 1, 2015 and not casting their vote either electronically or Ballot Form, can cast their vote at the Annual General Meeting.
 - v. Members can opt for only one mode of voting, i.e., either by e-voting, Ballot Form. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid. The Members who have cast their vote by e-vote or Ballot Form, prior to the meeting can also attend the meeting but shall not be entitled to cast their vote again.
 - vi. Mr. S.P. Nagarajan, Practicing Company Secretary (Membership No. ACS 10028), has been appointed as the Scrutinizer to scrutinize the e-voting, ballot paper including the votes casted on the resolutions at the Annual General Meeting in a fair and transparent manner.
 - vii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, would count the votes in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him.
9. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.centumelectronics.com immediately after the results are declared. The Company shall simultaneously forward the results to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed.

Place: Bangalore
Date: May 27, 2015

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

Apparao V Mallavarapu
Chairman & Managing Director

Explanatory Statement under Section 102 (1) of the Companies Act, 2013**Item No. 4:**

Mr. Manoj Nagrath is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year, 2010. Mr. Manoj Nagrath is a member in Audit Committee, Nomination and Remuneration Committee, Shareholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company.

In terms of Section 149 (6) the Companies Act, 2013 and under Clause 49 of the Listing agreement, the Company has received a declaration from Mr. Manoj Nagrath that he meets the criteria of independence as prescribed.

In the opinion of the Board, Mr. Manoj Nagrath fulfils the conditions for his appointment as an Independent Director of the Company as specified in the Act and the Listing Agreement. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Manoj Nagrath. Accordingly, the Board recommends the resolution to the appointment of Mr. Manoj Nagrath as an Independent Director.

Mr. Manoj Nagrath does not hold any shares of the company.

Except Mr. Manoj Nagrath, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

Item No. 5:

Mr. Rajiv C Mody is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year, 2010. Mr. Rajiv C Mody is a member in Audit Committee, Nomination and Remuneration Committee, Shareholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company.

In terms of Section 149 (6) the Companies Act, 2013 and under Clause 49 of the Listing agreement, the Company has received a declaration from Mr. Rajiv C Mody that he meets the criteria of independence as prescribed.

In the opinion of the Board, Mr. Rajiv C Mody fulfils the conditions for his appointment as an Independent Director of the Company as specified in the Act and the Listing Agreement. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajiv C Mody. Accordingly, the Board recommends the resolution to the appointment of Mr. Rajiv C Mody as an Independent Director.

Mr. Rajiv C Mody does not hold any shares of the company.

Except Mr. Rajiv C Mody, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

Item No. 6:

The Board of Directors appointed Dr. Swarnalatha Mallavarapu as an Additional Director on 26th March 2015. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she holds office till the conclusion of this Annual General Meeting and is eligible for appointment as a Director of the Company.

Notice (Contd...)

Dr. Swarnalatha Mallavarapu 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.

Dr. Latha also spent time as a Consultant to Industries in the US such as Coretek in Boston and X-Media Corporation and Wyrnet in California, before she established Centum Industries in the year 2004.

Dr. Latha is the Managing Director of Centum Industries Private Limited which provides niche high quality Components and Products to the global OEMs in the Industrial and Space industries.

Dr. Latha was also a government nominated member of the Syndicate of Bangalore University (2001 to 2004), which is the executive body of the University administration. She has actively contributed in the execution of reforms and policies, having taken on various leadership roles, to evolve proper systems and processes in the University administration.

Furthermore, she was on the board of directors for the Bangalore stock exchange. She has also held many positions in FICCI Ladies Organization (FLO) and is currently serving as the senior vice chair of the Karnataka Chapter.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. Swarnalatha Mallavarapu being eligible and offer herself for appointment as a Director of the company.

In the opinion of the Board, Dr. Swarnalatha Mallavarapu, fulfils the conditions specified in the Companies Act, 2013 and rules made there under for her appointment as a Director of the Company. The Board considers that her association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Latha. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Latha as a Director, for approval by the shareholders of the Company.

Except Dr. Latha, being an appointee and Mr. Apparao V Mallavarapu, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 7

The Shareholders vide Postal ballot dated 25th May 2012 had approved the appointment of Mr. Apparao V Mallavarapu as Chairman and Managing Director for a period of 3 (three) years on the terms and conditions including remuneration as set out in the agreement entered into by the Company and Mr. Apparao V Mallavarapu.

In addition to the above, the company had obtained approval from the Central Government pursuant to the provisions of Section 269, 198/309, 316, 317 and 637AA of the Companies Act, 1956 vide their letter dated 18th October 2012 for a period of 3 years with effect from 01/08/2012 to 31/07/2015 by considering the provisions of (C) (iii) of Part II of Sch XIII of the Companies Act, 1956.

The Board of Directors at its meeting held on 27th May 2015 had re-appointed Mr. Apparao V Mallavarapu as the Chairman and Managing Director, subject to the approval of Shareholders for a further period of 5 (Five) years effective from 1st August 2015 on the same terms and conditions as approved previously, including the remuneration as details below. The terms of remuneration were recommended by the Nomination and Remuneration Committee at its meeting held on 27th May 2015.

As the Board lays strong emphasis on transparency, accountability and integrity in its operations and all corporate obligations are discharged in a professionally sound, competent and transparent manner, the approval of the members is being sought for the below.

Particulars	Amount in Rs. (per month)
Basic	300,000
Allowances	447,800
Perquisites	2,200
Contribution to PF	36,000
Grand Total	786,000

Terms and Conditions

- Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity shall be as per the rules in force of the Company from time to time.
- Encashment of leave - As per the rules in force of the Company from time to time.
- Other perquisites - Other perquisites are as applicable to the senior executives of the Company.

Notwithstanding the above, Mr. Apparao V Mallavarapu will be entitled to a commission such that the aggregate of the remuneration and perquisites / benefits including contribution towards provident fund, mentioned above, shall not exceed 5% of the Net Profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013.

OTHER TERMS AND CONDITIONS

- The Chairman & Managing Director must use his best endeavour to promote the interest of the Company. He shall however be entitled to hold directorship of any other company.
- The Chairman & Managing Director shall perform his duties and exercise such powers subject to the supervision and control of the Board.
- The Chairman & Managing Director shall as long as he functions as such, shall not become interested or otherwise concerned directly or through his relatives in any selling agency of the Company without prior approval of the Board.

Your directors recommend the resolution as set at Item No. 7 of the notice for your approval. None of the Directors or Key Managerial Personnel or relatives of Directors and KMPs of the Company except Dr. Swarnalatha Mallavarapu, is in any way deemed to be concerned or interested in the aforesaid resolution.

Place: Bangalore
Date: May 27, 2015

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

Apparao V Mallavarapu
Chairman & Managing Director

Notice (Contd...)

Details of Directors seeking appointments/re-appointments at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

1. Mr. Manoj Nagrath

Name of the Director	Mr. Manoj Nagrath
Date of birth	03.09.1958
Date of appointment	05.01.2010
Qualifications	Member of Chartered Accountants of India.
No.of shares held in the company	Nil
List of companies in which Directorship held as on 31st March 2015	1. Centum Electronics Limited 2. AMinds Avisors Private Limited
Chairman/Member of the mandatory Committees of the Board of the companies on which he is a Director as on 31st March 2015	As Chairman - 2 (two) committees As Member - Nil

Expertise in specific functional areas:

Mr. Manoj Nagrath is the Managing Partner of the firm S.P.Nagrath & Co., Chartered Accountants having its offices in New Delhi and Bangalore. He has an experience of 32 years in almost every facet of the profession.

He has to his credit experience in various fields such as Direct and Indirect taxation, audit, accounting, Company law matters and financial services. He carries wide experience in representing matters at the tax office and other Government authorities.

2. Mr. Rajiv C Mody

Name of the Director	Mr. Rajiv C Mody
Date of birth	06.04.1958
Date of appointment	07.08.2010
Qualifications	Qualified in electrical engineering from M.S University, Baroda and Master's Degree in Computer Science from Polytechnique Institute of New York.
No.of shares held in the company	Nil
List of companies in which Directorship held as on 31st March 2015	1. Sasken Communication Technologies Limited 2. Sasken Network Engineering Limited 3. Connect M Technology Solutions Pvt Ltd 4. J B Chemicals and Pharmaceuticals Limited 5. Saankhya Labs Private Limited 6. Centum Electronics Limited 7. Silicon Automation System Inc., USA 8. Sasken Communication Technologies Mexico S.A. De C. V. Mexico 9. Sasken Communication Technologies (Shanghai) Co. Ltd, China. 10. Sasken Finland Oy, Finland 11. Sasken Inc., USA

Chairman/Member of the mandatory Committees of the Board of the companies on which he is a Director as on 31st March 2015	As Chairman - 1 (One) As Member - 1 (One)
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Expertise in specific functional areas:

Mr. Rajiv C Mody is the Chairman and Managing Director and founder of Sasken Communication Technologies Ltd (Sasken). The Company was set up in the Classical tradition of Silicon Valley Startups, in a garage in Fremont, California.

He worked for Advanced Micro Devices, Seattle Tech Inc., and VLSI Technology Inc., in USA. At VLSI, Mr. Rajiv C Mody was responsible for the design, development and integration of Physical design tools for Gate- Array and Standard Cell Design Styles.

3. Dr. Swarnalatha Mallavarapu

Name of the Director	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	369,250
List of companies in which Directorship held as on 31st March 2015	1. Centum Electronics Limited 2. Centum Industries Private Limited
Chairman/Member of the mandatory Committees of the Board of the companies on which he is a Director as on 31st March 2015	NIL

Expertise in specific functional areas:

Dr. Swarnalatha Mallavarapu (Latha) is the Managing Director of Centum Industries Private Limited which provides niche high quality Components and Products to the global OEMs in the Industrial and Space industries.

Dr. Latha also spent time as a Consultant to Industries in the US such as Coretek in Boston and X-Media Corporation and Wyrnet in California, before she established Centum Industries in the year 2004.

Dr. Latha was also a government nominated member of the Syndicate of Bangalore University (2001 to 2004), which is the executive body of the University administration. She has actively contributed in the execution of reforms and policies, having taken on various leadership roles, to evolve proper systems and processes in the University administration.

Furthermore, she was on the board of directors for the Bangalore stock exchange. She has also held many positions in FICCI Ladies Organization (FLO) and is currently serving as the senior vice chair of the Karnataka Chapter.

Notice (Contd...)

4. Mr. Apparao V Mallavarapu

Name of the Director	Mr. Apparao V Mallavarapu
Date of birth	08.10.1956
Date of appointment	Since inception of the company
Qualifications Mr. Apparao V Mallavarapu received his Masters of Engineering from Daltech University, Canada. He is a recipient of the Ford Foundation scholarship and Engineering research Scholarship in Canada. He served as the General Manager of Rao Insulating Company (RIC) for a decade prior to incorporation of Centum Electronics.	
No.of shares held in the company	6,604,715
List of companies in which Directorship held as on 31st March 2015	1. Centum Electronics Limited 2. Centum Rakon India Private Limited 3. Centum Industries Private Limited 4. BgSE Properties and Securities Limited 5. SAN Engineering and Locomotive Company Limited
Chairman/Member of the mandatory Committees of the Board of the companies on which he is a Director as on 31st March 2015	1. As Chairman - None 2. As Member - 3 (Three)

Expertise in specific functional areas:

Mr. Apparao V Mallavarapu (Apparao) has served on the Board of the Centum Electronics Limited since its inception. He has led the company from its nascent stage and has propelled its constructive growth. He has streamlined the business process operations of the company and is a strategic management persona.

Mr. Apparao has served as the promoter Director of the Company since its incorporation in the year 1993. Under his able guidance Centum Electronics has created a niche for itself in the chosen segments of Defense, Space and Communications and the list of customers is a testimony to its ability to combine product reliability, performance and competitive pricing with a strong customer-focused approach. The success of the Company is based on a strong foundation of its core values of teamwork, technology and trust under the pioneering direction of Mr. Apparao V Mallavarapu.

Under his leadership Centum has grown to become one of the largest manufacturers and exporters of electronics products and has been featured in the 500 most valuable companies of India. He has initiated and managed successful joint ventures with several Multi National Companies.

Under the competent guidance of Mr. Apparao, the Company was able to tide over the difficult times during the dot com bubble/ technology bust, when several companies folded their operations owing to incurrence of heavy losses. His proactive measures and excellent business acumen enabled the Company to sustain its operations during this tough period.

Mr. Apparao's rich experience and deep knowledge of the electronic industry and his incisive and broad based knowledge of the domestic and international markets, have enabled the Company to manufacture and provide quality products and innovative solutions to customers worldwide and thereby meet the challenges posed by the competitive business environment.

Under Mr. Apparao's guidance the Company continues to stand out and has earned a reputation in the market for its superior technology focus and world-class electronic products including hybrid microcircuits, subsystems, modules, box builds and complex electronic products and solutions that have received commendable acclaim at the global level.

Directors' Report

Your Directors have pleasure in presenting their Twenty Second Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2015.

1. Financial Highlights

Rs.Millions

Particulars	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Revenue	4,879.97	4,258.87	3,162.24	2,981.82
Profit before Depreciation and Interest	1057.99	828.25	511.82	496.98
Depreciation	166.94	156.84	71.30	71.59
Interest	25.16	54.42	13.48	37.56
Profit before tax	865.89	616.99	427.04	387.83

2. Performance

During the current year of operations, your company has registered revenue of Rs. 4,879.97 million at consolidated level, an increase of about 15% compared to the previous financial year. Your company posted Profit before Taxes of Rs. 865.89 million with an increase of 40% over the previous financial year.

At standalone level, a revenue of Rs. 3162.24 million, an increase of about 6% compared to the previous financial year. Your company posted Profit before Taxes of Rs. 427.04 million with an increase of 10% over the previous financial year.

Subsidiary

During the Eighth year of operations, Centum Rakon India Private Limited has registered revenue of Rs. 1832.77 million and posted Profit before Taxes of Rs. 495.53 million. Statement containing salient features of the financial statement of subsidiary is attached herewith as Annexure IX.

3. Dividend

During the year an interim dividend of Re. 1 per share has been paid. Also a final dividend of Rs. 2/- per share has been recommended by the Board aggregating to a total dividend of Rs. 3/- per share for the year. The total dividend payout would be Rs. 37.71 million for the year.

4. Consolidated Financial Statements and subsidiary

The Consolidated Financial statements have been prepared by the Company in accordance with the applicable Accounting standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the same together with the Auditor's Report thereon is provided in the Annual Report.

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

The Company has adopted a Policy for determining Material Subsidiaries in terms of Clause 49 of the Listing Agreement. The Policy, as approved by the Board, is uploaded on the Company's website at the web link: <http://www.centumindia.com/wp-content/uploads/2014/12/Policy-on-Material-Subsidiaries.pdf>

5. Risk Management

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

The web link for the Risk Management Policy is <http://www.centumindia.com/wp-content/uploads/2015/01/Risk-Management-policy.pdf>

Directors' Report (contd...)

6. 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 Ernst and Young LLP., 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.

Significant 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.

7. Directors and Key Managerial Personnel

The changes that had occurred in the composition of the Board of Directors are given below:

- i. In accordance with the provisions of Section 149 & 161 of the Companies Act, 2013, Dr. Swarnalatha Mallavarapu was appointed as Additional Director w.e.f. March 26, 2015 and will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer herself for appointment as a director.
- ii. In terms of the provisions of Section 149(10) & (11) and other applicable provisions, if any, of the Companies Act, 2013, Mr. Manoj Nagrath, is eligible and qualified for the appointment as Independent director. Your directors propose him for the appointment in terms of the said regulations, for a period of 5 years.
- iii. In terms of the provisions of Section 149(10) & (11) and other applicable provisions, if any, of the Companies Act, 2013, Mr. Rajiv C Mody, is eligible and qualified for the appointment as Independent director. Your directors propose him for the appointment in terms of the said regulations, for a period of 5 years.
- iv. In accordance with the provisions of sections 196, 197, 198, 203 and other applicable provisions if any, of the Companies Act, 2013 ('Act') read with Schedule V to the Act, it is proposed to re-appoint Mr. Apparao V Mallavarapu, as the Chairman & Managing Director for a period of 5 years with effect from 1st August 2015.

None of the Directors of the company are disqualified for being appointed as Directors in terms of Section 164 of the Companies Act, 2013.

The Appointments of the aforesaid directors have been included as an item for each director in the notice convening the ensuing Annual General Meeting.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

Dr. Rama Rao, Director of the company has resigned w.e.f August 1, 2014.

Except the above, no other Director or Key Managerial Person has been appointed or has retired or resigned during the year.

a. Separate meeting of Independent Directors

A Separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management was held during the year, as required under Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and

-
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

b. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration committees.

c. Remuneration Policy

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. The Nomination and Remuneration Policy is attached to this report as Annexure VIII.

d. Meetings

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

During the year, four meetings of the Board of directors and four meetings of the Audit Committee were convened and held. 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.

8. Directors Responsibility Statement

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

- that in the preparation of annual accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures.
- that such accounting policies as mentioned in Note 2 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, 2015 and of the profit of the Company for year ended on that date.
- 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.
- that the annual financial statements have been prepared on a going concern basis.
- that proper internal financial controls were in place and that the financial controls were adequate and operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place were adequate and operating effectively.

9. 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 an arm's length basis. There were no materially significant related party transactions made by the company during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All the related party transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is being obtained for the transactions which are of a foreseen and repetitive nature in terms of Clause 49 of the Listing agreement.

The company has framed a policy on dealing with the related party transactions and the same is uploaded on the company website.

Your directors draw attention of the members to Note 33 to financial statements which sets out the related party disclosures.

Directors' Report (contd...)

10. Auditors

a. Statutory auditors

M/s. BSR & Co. LLP (formerly known as M/s. BSR & Co.), Chartered Accountants, Statutory Auditors of the company will retire at the forthcoming annual general meeting and are eligible for re-appointment.

The retiring auditors have furnished a certificate of their eligibility under Sec 139 of the Companies Act, 2013 and the Rules framed thereunder for the reappointment as Auditors of the company. Also as required under Clause 49 of the Listing agreement, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

b. Secretarial audit

The Board has appointed Ms. Aarthi G Krishna, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith as Annexure VI to this report.

11. Awards

Your company has received the below awards during the year under review:

- i. 'Excellence in Financial Reporting' for the year 2013-14 award received from the Institute of Chartered Accountants of India (ICAI).
- ii. Three awards from ELCINA.
 - a. First prize for R & D in the large sector
 - b. First prize for Quality in the large sector; and
 - c. Special award for Exemplary Display of Business Excellence in the large scale sector
- iii. Global Growth company award from the World Economic Forum.
- iv. Industry Excellence award - 2014 from the Institution of Engineers, India (IEI).

12. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the company has complied with the requirements. The Certificate on compliance of Corporate Governance requirements, issued by the Statutory Auditors is annexed to the Report of Corporate Governance. The Report on Corporate Governance is attached herewith as Annexure VII.

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

The particulars prescribed under subsection (3) (m) of Section 134 of the Companies Act, 2013 read Rule 8 of the Companies (Accounts) Rules, 2014, are given in the annexure - I attached to this report.

14. Particulars of Employees

The information pursuant to Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the company, will be provided upon request.

However, as per the provisions of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars. The same is available for inspection by the Members 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.

15. Particulars of Loans, Guarantees and Investments

The details of the investments made by the Company are in Note 11 of the audited financial statements. The Company has not made any loans to any persons within the meaning of Section 186 and has also not given any guarantees within the meaning of that section.

16. Corporate Social Responsibility

As part of its initiatives under “Corporate Social Responsibility (CSR)”, the Company has funded many 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. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is attached herewith as “Annexure - IV”.

17. Details of establishment of Vigil Mechanism

The Company has a Vigil mechanism to deal with the instances of fraud and mismanagement, if any. The details of the Policy is explained in the Corporate Governance Report and also posted on the website of the company.

18. Prevention, Prohibition and Redressal of sexual harassment at work place

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

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

The Company has not received any complaint of sexual harassment during the financial year 2014-15.

19. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is attached herewith as ‘Annexure - V’.

20. Management Discussion and Analysis

In compliance with the requirements of the listing agreement, a detailed Management Discussion and Analysis Report giving details of the company’s business and operating results is given in Annexure - III attached to this report.

21. Employee Stock Option Plan

As a measure of rewarding the employees, your company had introduced an Employee Stock Option Plan (ESOP) during year 2007 & 2013.

The particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in the annexure - II attached to this report.

Directors' Report (contd...)

22. General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items 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.

23. Human Resources

The human capital has been recognized as a vital factor in achieving the goals and objectives of the organization. Emphasis is placed to build a network of dedicated and experienced professionals who would strive for organizational growth by maximizing the effectiveness while the policies and practices would foster employees' satisfaction, retention and productivity.

The company has initiated the talent development & management to improve the productivity of the workforce. And the company hired the services of Deloittee, the consulting company to help in this endeavour.

24. 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 Excise Departments, the Reserve Bank of India, the Department of Industries and Commerce, Karnataka, the Karnataka Udyog Mitra and all the other Central and State Governmental agencies.

By order of the Board
For Centum Electronics Limited

Place: Bangalore
Date: 27 May, 2015

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

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

1. CONSERVATION OF ENERGY

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

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

- Chemical descaling of Chillers carried out to improve the efficiency. Currently only one chiller is in operation due to the improved efficiency.
- Chemical descaling of all the AHU'S cooling coil was carried out and improved the efficiency of Centralized AC system.
- AHU'S Cooling coil changed and improved the AC efficiency.
- Power factor improvement is achieved by replacing inefficient capacitors with new capacitors.
- Monitored LT voltage & found to be less, discussed with BESCOM and improved the Voltage.
- Regularly monitored the top 10 power guzzlers like chiller, Process Chillers, air compressors etc. on daily basis and fixed the limits to control the cost.
- Centrifugal Exhaust fans are replaced with Energy efficient axial fans in EMS conformal coating section.
- Consumption monitoring meter is provided for Nitrogen gas resulting in better control.
- Overhauling of Reciprocating compressors has been carried out to improve the efficiency.
- Old cooling tower was replaced with new cooling tower for compressor cooling to improve the efficiency.

2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Technology Absorption:

- Centum has absorbed and implemented several new manufacturing processes/technologies for Strategic applications for major national and international customers.
- The assembly line for Microwave Integrated Circuit (MIC) based RF subsystems for space applications is qualified and certified by ISRO.
- Working with Centre for Nano Science and Engineering (CeNSE) Bangalore in developing and qualifying products for defense applications in Sensors / Sensor electronics area.
- Maturity levels of Technology implementation for S band and C band TR modules are increasing to the R&D efforts .
- Special processes like BGA, High melting soldering capability were developed during the year.

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

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

- Electronic Power Conditioners for Space grade RF subsystems for Communication and Navigational satellites
- More variants of Digitally Tunable Filters for Defense Communication and Software Defined Radio applications
- Digital Payload subsystems for Space applications

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

- Ability to develop wider product range in digital, embedded and RF areas.
- Capability to develop and deliver interdisciplinary products\systems for high reliability applications.

(iii) Future Plan of Action

- Developing and manufacturing products in the areas of Electro optics and Inertial Navigation.

(iv) Expenditure on R & D

	Rs in Millions	
For the year ended 31st March	2014-15	2013-14
A. Capital	-	16.26
B. Recurring	44.26	31.71
C. Total	44.26	47.97
Total R&D expenditure as a % of total turnover	1.4%	1.5%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and Outgo are reported in Notes to Accounts No. 39 & 40 and forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2015.

ANNEXURE -II

EMPLOYEE STOCK OPTION PLAN

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

		Centum ESOP-2007	Centum ESOP-2013
1	Total Size of ESOP	4,16,666 shares (each option represents one share)	2,50,000 shares (each option represents one share)
2	Options granted	4,16,519	2,50,000
3	Pricing Formula	Closing price, prior to the date of the meeting of Compensation Committee in which Options are granted.	
4	Options vested	281,117	62,487
5	Options exercised	207,716	28,680
6	Number of shares arising as a result of exercise of option	207,716	28,680
7	Options lapsed/surrendered/forfeited	76,113	Nil
8	Variation of terms of options	NA	NA
9	Money realized by exercise of options	Rs. 10,271,073	Rs. 2,043,450
10	Total number of options in force	132,690	221,320
11	Grant to senior management personnel	Gopinath Vedprakash 15,400 Vinod S Chippalkatti 29,526 P M Unnikrishnan 21,234 Desikan KS 28,426 Sandhya Thyagarajan 18,600 Perry Duffill 26,950 G Jagadish Singh 21,467	Gopinath Vedprakash 9,259 Vinod S Chippalkatti 14,609 P M Unnikrishnan 14,609 Desikan KS 14,609 Sandhya Thyagarajan 14,198 Perry Duffill 12,346 G Jagadish Singh 6,996 Sai Krishna Rao 13,374
12	Employees receiving more than 5% of the options in a year	NA	
13	Employees receiving grants equal or more than 1% of the issued capital	NA	
14	Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS20	Rs. 25.04	
15	Impact on Net Profit and EPS	Profit after tax reduced by Rs. 2,877,221	Profit after tax reduced by Rs. 3,072,459
		EPS reduced by Rs. 0.47	
16	Method used to estimate the fair value of options	Black Scholes model	
17	Significant Assumptions used: a. Dividend Yield b. Risk free interest rate c. Expected Life of Option d. Expected Volatility	10% 1-4 years 5.7-8.6% 99.49%	

For and on behalf of the Board

Place: Bangalore
Date: May 27, 2015

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

MANAGEMENT DISCUSSION & ANALYSIS

1. COMPANY BACKGROUND

Centum Electronics Limited (Centum) designs, manufactures and also exports electronic products: These include systems, subsystems, modules, besides complex electronic components.

Centum serves customers engaged in mission critical solutions with advanced tailor-made technologies. These range from Strategic Electronics (Space, Defense and Aerospace) to Industrial, Communications, and Medical. Centum has been steadily increasing its product and service range in these chosen industry segments and in the geographies it serves, which are North America, Europe, India and rest of Asia. In its goal to expand its offerings and become the sophisticated one stop shop OEMs are seeking.

With extensive design & development expertise and leading-edge enabling technologies Centum is now the industry leader in India in electronics solutions & components.

The strategy over the years has been consistent and is based on high customer focus with competent people, state of the art technology and high quality products.

Centum's vision is "To Create Value by contributing to the Success of its Customers, by providing best-in-class Electronics Design and Manufacturing Solutions in high technology areas."

2. INDUSTRY STRUCTURE AND DEVELOPMENT

With the renewed focus by Govt of India in the area of manufacturing "Make in India" and also creating an environment of "Ease of Doing Business in India" we foresee the Indian manufacturing sector (including design, wherever applicable) to see high growth rates in the coming years, with significant investments from both domestic and foreign companies. However, the gestation period for the manufacturing sector to show results, is longer compared to other sectors and so, it may take a few years to see the real benefits.

Broadly, the electronics industry is categorized under Consumer, Medical, Strategic Electronics, Communications, Automotive and Industrial segments.

Government of India has recognized the importance of Electronic industry and announced the National Electronics Policy (NEP) <http://deity.gov.in>. The demand of the Indian market is expected to reach USD 400 Billion by 2020. At the current growth rate, the domestic production is expected to reach USD 100 Billion leaving a gap of USD 300 Billion. The Govt., of India's vision is to create a globally competitive Electronics System Design and Manufacturing (ESDM) industry to meet the country's needs and serve the international markets. To meet this vision, the Govt., has introduced a scheme for Electronics Manufacturing Cluster (EMC) <http://deity.gov.in> to ensure world class infrastructure and facilities to be provided to attract investments. Accordingly, the Government has decided to offer financial support in the formation of EMCs. Further to attract investments, the Govt., has introduced Modified Special Incentive Package Scheme (MSIPS) <http://deity.gov.in> for new and expansion of existing units. This scheme offers an incentive up to 25% of the value of investment in Plant and Machinery. We hope the focus given by the Govt., of India will create many more opportunities in the ESDM sector.

Keeping in mind the growth plans, your company applied and received approval for incentives covered under Modified Special Incentive Package Scheme in Feb 14, which is valid for 10 years.

As a company we operate in Strategic Electronics, Communication, Industrial and Medical industry segments.

a. Strategic Electronics

i. Defense

The Indian Defense Budget is increasing year on year both in terms of the total value and also as a percentage of the budget allocation itself. Of the total defense budget, the percentage of expenditure towards Capital head is increasing every year creating an even bigger opportunity for the defense market.

Also studies show that Indian defense market is one of the most attractive defense markets in the world.

Govt. of India is focused on ensuring that the armed forces deploy the state-of-art technologies in defense of the country and have taken quick decisions in the procurement of major projects. For example, scraping of the MMRCA tender and clearing the procurement of Rafale planes from Dassault, France, clearing of procurement of Spike missile from Rafael, Israel etc., will create opportunities for Indian companies by way of “Offset” obligations that these companies have to meet. The focus on “Make in India” and also restricting the monopoly of the Defense PSUs - for example, restricting them from bidding on certain large projects - will create many more opportunities for the private defense industry in India. However, for all these initiatives to produce results, may take a few years, but these are the essential steps to be taken to convert opportunity into reality

The Armed forces, till recently, procured their requirements either from direct imports or products developed by DRDO labs and productionized by defense PSUs or the Ordnance factories. Due to Govt of India’s focus on self reliance, new opportunities are emerging in this sector. To accelerate the process of self reliance, DRDO labs are partnering with private industries in designing new products and also willing to transfer technologies of complex products which hitherto were partnering only with PSUs or Ordnance Factories.

Till recently, the indigenous defense manufacturing was restricted to Defense Public Sector Units and Ordnance Factories only. Due to increasing requirements, the Defense PSUs and the Ordnance Factories have a huge order book and should more actively work with the private industry to fulfill the requirements. However due to legacy issues of being vertically integrated, the PSUs still do not involve the private industry as much as they should, to be mutually successful.

The Defense Procurement Policy (DPP) of Government of India has created a huge opportunity for Indian industries. Over time, the DPP has been modified taking into account the feedback from various stakeholders and an updated DPP is to be soon released. “Make in India” and “Self-reliance” being central themes to the policy, along with the increased FDI to 49% the international suppliers of defense products to India are actively looking to work with the Indian companies to meet their offset obligations and also address the Indian markets directly by creating joint ventures and transfer of technology, thereby creating more opportunities to Indian companies.

ii. Space

India has a space program which is very vibrant and successful. The Government of India has given the Indian Space Programme a special status and the budget allocation in the 12th Plan period is 151% higher than the 11th Plan period.

The number of satellite launches by the Indian Space Agency has been increasing steadily in the last few years and ISRO plans to launch eight satellites per year in the near future. Until recently ISRO manufactured the systems and subsystems in-house or imported them. However, due to the increased requirements coupled with Govt.’s focus on self reliance ISRO, is actively involved in developing the private industry in meeting their increasing requirements.

Due to increased financial and other controls by the Govt., of India, the sales cycle in this sector has increased significantly and in some cases by years.

b. Communications

This market comprises of Terminal equipments such as the mobile phones, PDA etc. and the infrastructure equipments such as Base Station, Transmission equipments etc. Centum Rakon manufactures Frequency Control Products (FCP) to primarily cater to the infrastructure equipment companies. This market is dominated by companies like Ericsson, Nokia Siemens, Samsung, Alcatel - Lucent, Huawei etc., Telecom market worldwide is cyclical in nature and in the recent past there has been a slow down with major players like Ericsson, Alcatel etc., showing negative growth even, leading to consolidation like Nokia and Alcatel announcing a merger. So, we anticipate slowdown in the communication sector.

Management Discussion & Analysis (contd...)

c. Industrial

This sector comprises of segments like Power, Process Automation, Instrumentation, Energy etc. Industrial sector is one of the late entrants to the concept of outsourcing their electronic hardware compared to Telecom and IT sectors. This was due to the stringent quality requirements and long product lifecycles. The large multinationals in this industry segment are focusing on low cost countries like India for their outsourcing requirements due to the design, engineering and testing skills required to manufacture these products. This is growing market for our products and services.

We also see a trend of multinational companies starting green field projects or acquiring companies in India. To make their products competitive these Indian Units, are creating a supply chain eco system in the country.

3. COMPANY STRATEGY

- The company's strategy focuses on industry segments, technology and geographies.

Industry Segment: To ensure that the company is not dependent on any one industry segment, it operates in Space, Defense, Aerospace, (Strategic Electronics), Industrial, Communication and Medical Electronics.

Technology: The strategy of the company is to operate in high technology areas in the above mentioned industry segments.

Geography: The strategy of the company is to address the global markets. We have segmented our markets as North America, Europe, India, and rest of Asia. This is to ensure that any economic down turn in any one region, has limited impact on the company.

The company implemented the above strategy very well and is seeing the benefits. The focus, going forward, will be increasing the market share in these industry segments & geographies by increasing the products & services of the company.

- The products & services that your company offers can be classified broadly into "Built to Specification" (BTS) and "Built to Print" (BTP) opportunities.

BTS : In this business model, the customer gives only the specifications and the company designs, develops and manufactures the product. As design is the critical factor in functioning of the product, the Value Add is generally higher than the BTP business. However, as the design and development phase involves multiple iterations and certifications, the lead time to take this to mass production is generally long. All of the current communications business which is done by the subsidiary, most of the space business and some of the defense business that the company is involved in, fall under this category.

Company has created significant competencies in Power and RF areas and recently made major investments in the digital systems (FPGAs, Processors, Software, etc.,). These competencies are in the areas of design, process, manufacture, quality & reliability and state-of-art equipment.

To be successful in this segment, the company has a strong design and technology team of engineers working alongside engineers from other domains. All these engineers are from highly reputed universities with Bachelors, Masters and Doctoral degrees.

BTP: In this business model, the customer supplies the design and the company builds the product to the design provided by the customer. The critical success factor of the BTP model is operational excellence thro' efficient supply chain management and lean manufacturing practices. As the design is ready, generally the ramp to the production phase is quicker. All of the current Industrial business, some of the Defense & Aerospace and space business that the company is involved in, fall under this category.

As BTP business is working capital intensive, the company is selective and works only with highly reputed domestic and international customers. The strategy of the company for the BTP business is to address only the defense and aerospace, industrial and medical markets. These market require, a very high

focus on quality and reliability, long product life cycle (in some cases, as high as 15-20 years), medium to low volume capability etc. The company has created a world-class eco system in terms of capabilities and infrastructure to address these unique requirements.

Most Indian companies offer design services only or standard manufacturing services for PCBA or Box build. But the uniqueness of your company, is that we offer both. Apart from very sophisticated design capabilities, our state-of-art manufacturing capabilities extend beyond standard manufacturing services and include technologies such as thick film, thin film, chip and wire, laser welding, complete test & reliability lab and many more sophisticated processes to realize products which need a combination of these technologies. This is the biggest differentiator for your company over competitors.

- International Sales & Marketing

Your company strategy is to address the international markets and to ensure that we have the global reach and in line with our strategy, we have invested significantly in worldwide Sales & Marketing. Currently we have offices in France, UK and USA with senior and experienced team. We have seen the results of this initiative with your company exporting to over twelve countries serving global leaders such as ABB, GE, Nokia, Rafael, Thales etc., We will continue invest in International Sales & Marketing to increase our market presence in these geographies.

4. BUSINESS OUTLOOK

a. Strategic Electronics

Your company has established itself as a major player in the Strategic Electronics arena. The strategy will be, to continue to consolidate and grow this business thro' innovation, design, technology, quality and overall competitiveness. Over the years, your company has designed & manufactured systems & modules for the Strategic Electronic industry by delivering advanced and complex products many of which are, for the first time by an Indian company.

- One of our strategies for this business is to identify and indigenize complex products that are currently being imported which need advanced design capabilities and complex manufacturing processes to realize these products. The advantage with this, is that once the product is developed and qualified it immediately goes into production quantities. Here again, we are developing such new products continuously.
- Another approach is to continue to co-develop new products with ISRO & DRDO Labs. The advantage of this approach is your company's product will get designed in and will have good potential when the final product goes into production phase. In this initiative, we are already working with ISRO & DRDO labs. However, this process involves long gestation periods and it may take longer time to see results.
- The other opportunity in the Strategic Electronics is that of "off-set" and we see significant potential in this. We have already received orders for off-set and due to our competitive prices, quality and service, we are now seeing orders from 'Off-set' customers for their international requirements also and we expect to see continuous growth in Offset business in the coming years.
- Govt. of India's focus on "Make in India" has opened new opportunities for Indian companies. Due to this, the multinational companies are looking for opportunities to provide technology to Indian companies or form joint ventures with Indian companies as the Govt of India has permitted 49% FDI in the defence sector also. We are exploring the possibilities of bringing advanced technologies to address the requirements of the Armed Forces directly. However, this is a long term initiative and may take some years before we see any results.

b. Industrial Electronics

Your Company's strategy for this market is to focus on high mix medium-to-low volume opportunities which need very high quality products and. also have long product life cycles. This segment has very unique and demanding requirements. The company over the past many years has developed special

Management Discussion & Analysis (contd...)

processes, created specialized infrastructure and human resources and has strong domain knowledge to meet these requirements and make it as a very attractive supplier to the global OEMs. Your Company is already well entrenched into this sector and seeing good growth rates from existing customers and also adding new customers both from within India and outside.

c. Communications;

Your company's subsidiary, Centum Rakon manufactures Frequency Control Products (FCP) a critical component in the Telecom Infrastructure business segment. The subsidiary has been delivering high quality products at competitive prices, because of which we have seen a significant increase in the market share. The In-house manufacture of the key component, "Crystal", has made the subsidiary more competitive. The company is already one of the top 3 OCXO manufactures in the world. We are seeing a slowdown in our customers' markets and foresee a slowdown in our subsidiary in the coming year.

5. RISK FACTORS

In the Strategic Electronics business as the products are hi-tech and complex, the approval and certification cycles can get much longer than originally planned. This can result in delays in deliveries affecting the revenues. Also some of the products are very complex with only a handful of companies in the world that are capable of developing them and so the risk of product development is high.

The Govt of India procurement policy necessitates that the L1 bidder be awarded the business. Although there are processes and procedures for Technical Evaluation to qualify the bidder, sometimes bidders who don't have the required capabilities are allowed to bid due to the complexities and risks of elimination. Such bidders, may bid low without knowing the difficulties and complexities of the project.

In the domestic Strategic Electronics market there are some duty anomalies which, when we compete with the Public Sector Undertakings (PSUs), make the PSUs more competitive. However we have represented this issue with the Govt., and the same is under consideration.

In the BTP business where the material cost is normally high, collection of Receivables is critical and hence as a company, we do business only with large multinationals.

6. HUMAN RESOURCES

Your company has some of the best talent in the country coming from various domains of experience. Great emphasis is given in ensuring that the employees have a rewarding experience working for your company. Special attention is given for training and upgrading of peoples' skills, providing excellent working conditions, bench mark with other large companies while rewarding the employees. We have retained a large international consulting firm to develop & execute our talent strategy to achieve our business goals. As on 31st March 2015, the employee strength of the company was 931 (excluding trainees).

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

7. INFRASTRUCTURE

The company currently operates from 4 locations in Bangalore. To consolidate some of these locations and also for future growth, the company has acquired 6 acres of land at Bengaluru Aerospace Park, Devanahalli, Bangalore, from the Government of Karnataka. Construction has started and we hope to complete the new world class facility by the end of the year.

8. 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 Ernst & Young.

9. FINANCIAL CONDITION

A. Consolidated

i. Share capital

The share capital of the company stands at Rs. 125.70 million.

ii. Loans

The Secured Loans have increased by Rs. 366.97 million from Rs. 526.69 million as on 31st March 2014 to Rs. 893.66 million as on 31st March 2015.

iii. Fixed Assets

The Capital expenditure for 2014-15 is Rs. 162.66 million.

iv. Working Capital

Inventories has increased by Rs. 746.54 million from Rs. 766.70 million as on 31st March 2014 to Rs. 1513.24 million as on 31st March 2015.

Receivables has increased by Rs. 112.50 million from Rs. 992.23 million as on 31st March 2014 to Rs. 1,104.73 million as on 31st March 2015.

Current liabilities has increased by Rs. 475.36 million from Rs. 833.72 million as on 31st March 2014 to Rs. 1,309.07 million as on 31st March 2015.

v. Cash flows

	Rs. Million
Cash flows from Operating activities	285.86
Cash inflows in Financing activities	218.58
Cash outflows in Investing activities	(179.98)

vi. Results of Operations

The business operation for 2014-15 resulted in the Company, achieving sales of Rs.4,952.31 million as against Rs. 4,258.87 million for 2013-14.

The Profit before tax for the year 2014-15 is Rs. 865.89 million as against Rs. 616.99 million for the year 2013-14.

B. Standalone

i. Share capital

The share capital of the company stands at Rs. 125.70 million.

ii. Loans

The Secured Loans have increased by Rs. 280.69 million from Rs. 313.77 million as on 31st March 2014 to Rs. 594.46 million as on 31st March 2015.

iii. Fixed Assets

The Capital expenditure for 2014-15 is Rs. 40.12 million.

Management Discussion & Analysis (contd...)

iv. Working Capital

Inventories has increased by Rs. 600.62 million from Rs 519.40 million as on 31st March 2014 to Rs 1120.02 million as on 31st March 2015.

Receivables has increased by Rs. 152.48 million from Rs. 751.02 million as on 31st March 2014 to Rs. 903.50 million as on 31st March 2015.

Current liabilities has increased by Rs. 487.32 million from Rs. 633.09 million as on 31st March 2014 to Rs. 1,120.41 million as on 31st March 2015.

v. Cash flows

	Rs. Million
Cash flows from Operating activities	(30.79)
Cash inflows in Financing activities	233.76
Cash outflows in Investing activities	(4.08)

vi. Results of Operations

The business operation for 2014-15 resulted in the Company, achieving sales of Rs.3,275.17 million as against Rs. 2981.82 million for 2013-14.

The Profit before tax for the year 2014-15 is Rs. 427.04 million as against Rs. 387.83 million for the year 2013-14.

Management Responsibility for Financial Statements

The accompanying financial statements of Centum Electronics Limited are the responsibility of management and are approved by the Board of Directors of your company.

These financial statements have been prepared by management in conformity with Indian generally accepted accounting principles and includes amounts that are based on best estimates and judgments.

Management of the company in furtherance of the integrity and objectivity of data in the financial statements has developed and maintains of internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of the financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee. The Audit Committee reviews the Company's annual financial statements and formulates the appropriate recommendations to the Board of Directors. The Audit Committee has full access to the auditors appointed by the shareholders, with or without the management being present.

The auditors appointed by the shareholders, BSR & Co. LLP, Chartered Accountants have examined these financial statements, and their report is presented hereafter.

K S Desikan
Chief Financial Officer

Apparao V Mallavarapu
Chairman & Managing Director

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

CSR Policy is stated herein below

<http://www.centumindia.com/wp-content/uploads/2014/12/Corporate-Social-Responsibility-Policy.pdf>

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows

Mr. Apparao V Mallavarapu	Chairman and Managing Director	Chairman
Mr. Manoj Nagrath	Independent Director	Member
Mr. S. Krishnan	Independent Director	Member

3. Average net profits of the Company for the last three financial years:

Average net profit - Rs. 4646.20 lacs.

4. Prescribed CSR Expenditure (two percent of Average net profits):

The company is required to spend Rs.46.50 lacs towards CSR.

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year - Rs. 38.20 lacs

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

(Amount in Rs. Lacs)

Sl. No.	Projects/Activities	Sector	Locations	Amount Spent	Cumulative expenditure upto reporting period	Amount spent - Direct or through implementing agency*
1	Akshayapatra	Education	Bangalore	22.90	-	Direct
2	Mathru blind school	Education	Bangalore	7.80	-	Direct
3	Provisio Asia	Health care	Bangalore	2.50	-	Direct
4	Sathya Sadhana Foundation	Health care	Bangalore	5.00	-	Direct

*Details of implementing agencies: N.A.

- c. Amount unspent:

Rs. 8.30 lacs

Reason : The Company has been exploring the options by considering the sustainability for spending the amount as required. Since this is the first year of implementation of the CSR, the company could not spend the amount completely.

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

I. Registration and other details	
CIN	L85110KA1993PLC013869
Registration Date	8th January 1993
Name of the company	Centum Electronics Limited
Category/Sub-Category of the company	Company having share capital
Address of the Registered Office and contact details	No. 44, KHB Industrial Area, Yelahanka Newtown, Bangalore - 560 106.
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any.	M/s. Karvy Computershare Private Limited No.17-24, Vittal Rao Nagar, Madhapura, Hyderabad - 560 106.

II. Principal Business Activities of the company			
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Modules	26109	16%
2	Printed circuit boards Assembly	26104	83%
3	Others		1%

III. Particulars of holding, subsidiary and associate companies:					
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:					
Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Centum Rakon India Private Limited	U32109KA2007 PTC044692	Subsidiary	51.00	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
i) Category-wise Shareholding										
Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	7577477	0	7577477	60.98	7577477	0	7577477	60.28	0.70*
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	7577477	0	7577477	60.98	7577477	0	7577477	60.28	0.70
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	7577477	0	7577477	60.98	7577477	0	7577477	60.28	0.70
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	83	83	0.00	994035	83	994118	7.91	-7.91
(b)	Financial Institutions /Banks	0	166	166	0.00	7081	166	7247	0.06	-0.06
(c)	Central Government /State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	833	833	0.01	13114	833	13947	0.11	-0.10

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
i) Category-wise Shareholding										
Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	0	1082	1082	0.01	1014230	1082	1015312	8.08	-8.07
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	970327	12274	982601	7.91	633086	12274	645360	5.13	2.77
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1526440	212503	1738943	13.99	1625935	207207	1833142	14.58	-0.59
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	2067777	0	2067777	16.64	1409917	0	1409917	11.22	5.42
(c)	Others									
	CLEARING MEMBERS	41964	0	41964	0.34	48047	0	48047	0.38	-0.04
	NON RESIDENT INDIANS	15765	0	15765	0.13	40476	0	40476	0.32	-0.20
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	4622273	224777	4847050	39.01	3757461	219481	3976942	31.64	7.37
	Total B=B(1)+B(2) :	4622273	225859	4848132	39.02	4771691	220563	4992254	39.72	-0.70
	Total (A+B) :	12199750	225859	12425609	100.0	12349168	220563	12569731	100.00	0.00
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	12199750	225859	12425609	100.0	12349168	220563	12569731	100.00	

* the change in % shareholding is due to increase in the paid up capital during the year and there is no change in the Number shares.

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
	No.of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No.of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
Apparao Mallavarapu	6604715	53.15	0.00	6604715	52.54	0.00	0.00
Nikhil Mallavarapu	589929	4.75	0.00	589929	4.69	0.00	0.00
Swarnalatha Mallavarapu	369150	2.97	0.00	369150	2.94	0.00	0.00
M.S. Swarna kumari	13683	0.11	0.00	13683	0.07	0.00	0.00

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

Shareholding at the beginning of the year		Shareholding at the end of the year		
	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
At the beginning of the year	7577477	60.98	7577477	60.28
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	7577477	60.98	7577477	60.28

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

Sl. No.	Folio/Dpid-Clientid	Type	Name of the Share Holder	Shareholding at the beginning of the year		Shareholding at the end of the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	IN30015910517046	Opening Balance	BHARAT JAYANTILAL PATEL	737,930	5.94	737,930	5.94
	06/06/2014	Sale		40,137	0.32	697,793	5.62
	13/06/2014	Sale		194	0.00	697,599	5.61
	25/07/2014	Sale		120,000	0.96	577,599	4.64
	19/09/2014	Sale		52,500	0.42	525,099	4.21
	31/10/2014	Sale		16,470	0.13	508,629	4.08
	09/01/2015	Sale		62,941	0.50	445,688	3.56
	23/01/2015	Sale		76,552	0.61	369,136	2.95
	30/01/2015	Sale		2,028	0.02	367,108	2.93
	06/02/2015	Sale		8,330	0.07	358,778	2.85
	13/02/2015	Sale		817	0.01	357,961	2.85
	20/02/2015	Sale		30,662	0.24	327,299	2.60
	27/02/2015	Sale		6,891	0.05	320,408	2.55
	31/03/2015	Closing Balance			0.00	320,408	2.55
2	48000120480000000262	Opening Balance	HARDIK BHARAT PATEL	526,008	4.23	526,008	4.23
	06/06/2014	Sale		3,388	0.03	522,620	4.21
	13/06/2014	Sale		10,578	0.09	512,042	4.12
	20/06/2014	Purchase		300,000	2.41	812,042	6.52
	04/07/2014	Sale		40,165	0.32	771,877	6.20
	11/07/2014	Sale		9,075	0.07	762,802	6.12
	25/07/2014	Sale		510,981	4.10	251,821	2.02
	01/08/2014	Sale		16,679	0.13	235,142	1.89
	08/08/2014	Sale		2,601	0.02	232,541	1.87
	29/08/2014	Sale		232,541	1.87	-	0.00
	12/09/2014	Purchase		215,916	1.73	215,916	1.73
	19/09/2014	Sale		39,623	0.32	176,293	1.41
	21/11/2014	Sale		63	0.00	176,230	1.41
	02/01/2015	Sale		5,711	0.05	170,519	1.36

	09/01/2015	Sale		71,732	0.57	98,787	0.79
	16/01/2015	Sale		9,186	0.07	89,601	0.72
	23/01/2015	Sale		916	0.01	88,685	0.71
	30/01/2015	Purchase		22,032	0.18	110,717	0.88
	06/02/2015	Sale		10,016	0.08	100,701	0.80
	13/02/2015	Sale		339	0.00	100,362	0.80
	20/02/2015	Sale		3,993	0.03	96,369	0.77
	13/03/2015	Purchase		60,100	0.48	156,469	1.24
	31/03/2015	Closing Balance			0.00	156,469	1.24
3	2350012023500 00094485	Opening Balance	SUNIDHI CAPITAL PVT LTD	200,000	1.61	200,000	1.61
	13/06/2014	Sale		200,000	1.61	-	0.00
	31/03/2015 Balance	Closing			0.00	-	0.00
4	4800012048000 00028501	Opening Balance	GANDIV INVESTMENT PVT. LTD.	105,873	0.85	105,873	0.85
	25/07/2014	Sale		100,000	0.80	5,873	0.05
	01/08/2014	Sale		5,873	0.05	-	0.00
	31/03/2015	Closing Balance			0.00	-	0.00
5	IN30177410567245 Balance	Opening	RELIGARE FINVEST LTD	105,610	0.85	105,610	0.85
	01/08/2014	Purchase		500	0.00	106,110	0.85
	08/08/2014	Sale		510	0.00	105,600	0.85
	29/08/2014	Purchase		450	0.00	106,050	0.85
	30/09/2014	Purchase		17,666	0.14	123,716	0.99
	17/10/2014	Purchase		89,269	0.72	212,985	1.71
	24/10/2014	Purchase		4,198	0.03	217,183	1.74
	21/11/2014	Purchase		3,309	0.03	220,492	1.76
	19/12/2014	Purchase		5,822	0.05	226,314	1.81
	31/12/2014	Sale		154	0.00	226,160	1.81
	23/01/2015	Purchase		247	0.00	226,407	1.81
	06/02/2015	Sale		200	0.00	226,207	1.80
	13/02/2015	Sale		200	0.00	226,007	1.80
	31/03/2015	Closing Balance			0.00	226,007	1.80

6	IN30015910566853	Opening Balance	SHIVANI T. TRIVEDI	102,695	0.83	102,695	0.83
	11/07/2014	Sale		13,051	0.10	89,644	0.72
	25/07/2014	Sale		86,729	0.70	2,915	0.02
	06/02/2015	Purchase		24,560	0.20	27,475	0.22
	31/03/2015	Closing Balance			0.00	27,475	0.22
7	IN30007910008252	Opening Balance	VIJAY AGGARWAL	100,000	0.80	100,000	0.80
	25/07/2014	Sale		25,000	0.20	75,000	0.60
	31/03/2015	Closing Balance			0.00	75,000	0.60
8	4800012048000 00002975	Opening Balance	PASHA FINANCE PVT. LTD.	100,000	0.80	100,000	0.80
	13/06/2014	Purchase		200,000	1.61	300,000	2.41
	20/06/2014	Sale		300,000	2.41	-	0.00
	31/03/2015	Closing Balance			0.00	-	0.00
9	IN30009511185944	Opening Balance	AMIT SHANTILAL MOTLA	70,048	0.56	70,048	0.56
	04/07/2014	Sale		48	0.00	70,000	0.56
	25/07/2014	Sale		20,000	0.16	50,000	0.40
	31/03/2015	Closing Balance			0.00	50,000	0.40
10	IN30267932700732	Opening Balance	ALOK AGARWAL	62,669	0.50	62,669	0.50
	27/02/2015	Sale		23,000	0.18	39,669	0.32
	06/03/2015	Sale		39,669	0.32	-	0.00
	31/03/2015	Closing Balance			0.00	-	0.00

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
Apparao V Mallavarapu				
At the beginning of the year	6604715	53.15	6604715	52.54
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	6604715	53.15	6604715	52.54
S. Krishnan				
At the beginning of the year	83	0.00	83	0.00
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	83	0.00	83	0.00

For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
Mr. K.S. Desikan, Chief Financial Officer				
At the beginning of the year	16433	0.13	16433	0.12
Datewise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	16433	0.13	16433	0.12
Mr. Ramu Akkili, Company Secretary				
At the beginning of the year	0	0	925	0.07
Datewise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	0	0	0	0
At the end of the year	0	0	925	0.07

v) INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in Rs.Cr)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31.30	0.00	0.00	31.38
ii) Interest due but not paid	0.03	0.00	0.00	0.03
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	31.41	0.00	0.00	31.41
Change in Indebtedness during the financial year				
Addition	120.04	0.00	0.00	120.04
Reduction	-91.93	0.00	0.00	-91.93
Net Change	28.11	0.00	0.00	28.11
Indebtedness at the end of the financial year				
i) Principal Amount	59.45	0.00	0.00	59.45
ii) Interest due but not paid	0.07	0.00	0.00	0.07
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	59.52	0.00	0.00	59.52

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL				
A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in Rs. Mn):				
Sl. No.				
1	Gross Salary	Apparao V Mallavarapu	-	Total
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.43	-	9.43
	b) Value of perquisites as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of profit	13.05	-	13.05
	- Others	-	-	-
5	Others			
	i) Deferred bonus (pertaining to the current financial year payable in 2019)	-	-	-
	ii) Retirals	-	-	-
	Total (A)	22.48	-	22.48

B. Remuneration to other Directors:**1) Independent Directors**

Particulars of remuneration	Mr. S. Krishnan	Mr. Manoj Nagrath	Mr. Rajiv C Mody	Mr. Pranav Kumar N Patel	Total
Fee for attending Board/Committee	0.16	0.16	0.04	0.06	0.42
Commission	0.20	0.20	0.20	0.20	0.80
Others					
Total (B)(1)	0.36	0.36	0.24	0.26	1.22

1) Independent Directors

Particulars of remuneration	Dr. Swarnalatha Mallavarapu				Total
Fee for attending Board/Committee	-	-	-	-	-
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total (B)(2)	-	-	-	-	-
Total (B)=(B)(1)+(B)(2)	0.36	0.36	0.24	0.26	1.22

2) Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Amt in Rs. Mn)

Sl. No.	Particulars of remuneration	Mr. K.S. Desikan, Chief Financial Officer	Mr. Ramu Akkili, Company Secretary	Total
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.18	1.20	7.38
	b) Value of perquisites as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5	Others	-	-	-
	Total (C)	6.18	1.20	7.38

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[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
Bangalore

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, 2015 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, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

1. EXIM Policy 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 (Management and Handling Rules), 2010
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.

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 observations:

My opinion is based on audit evidence, explanations and information given to me during the audit and the Management Representation Letter in support that there were no specific non compliances in respect of the Act, Rules, Regulations, Guidelines, Standards, etc, mentioned above.

I further report that

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

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

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

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

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

- (i) Allotted 1,44,122 equity shares of Rs. 10/- each to employees who exercised their option under the Employee Stock Option Plans.
- (ii) Obtained the approval of the Members for enhancement of Borrowing limits of the Board of Directors

Place : Bengaluru
Date : 27th May, 2015

AARTHI G KRISHNA
Company Secretary in practice
FCS No.: 5706
C P No.: 5645

ANNEXURE

To,
The Members,
Centum Electronics Limited
Bangalore

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we 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. Our 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 : 27th May, 2015

AARTHI G KRISHNA
Company Secretary in practice
FCS No.: 5706
C P No.: 5645

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 composition of the Board is 6 members. There are 4 independent directors on the Board of the company. The composition of the Board of Directors as at March 31, 2015 is as follows:

Name of the Director	Category	Designation	Number of other Directorships *	Number of Board Committees Membership/ Chairmanship**
Mr. Apparao V Mallavarapu	Executive and Non Independent	Chairman & Managing Director	5	3
Mr. S. Krishnan	Non-Executive and Independent	Director	2	3
Mr. Manoj Nagrath	Non-Executive and Independent	Director	1	2
Mr. Rajiv C Mody	Non-Executive and Independent	Director	5	2
Mr. Pranav Kumar Patel	Non-Executive and Independent	Director	1	-
Dr. Swarnalatha Mallavarapu	Non-Executive and Non Independent	Director	2	-

* Only the Directorships of the Indian Companies have been taken into consideration.

** List includes Centum Electronics Limited.

None of the Directors of the company were members in more than ten committees or acted as chairman of more than five companies across all companies in which they are directors.

None of the Independent Non-Executive directors of the company have any pecuniary relationships or transactions with the company.

b) Board Meetings

The Board has met four times during the financial year 2014-15 i.e. on May 29, 2014, August 1, 2014, October 31, 2014 and January 30, 2015. The details of the attendance of each director at the board meetings and the last Annual General Meeting ('AGM') are as given below:

Name of the Director	Number of meetings attended	Attendance at the last AGM
Mr. Apparao V Mallavarapu	4	Yes
Mr. S. Krishnan	4	Yes
Dr. P Rama Rao*	2	Yes
Mr. Manoj Nagrath	4	Yes
Mr. Rajiv C Mody	4	Yes
Mr. Pranav Kumar Patel	3	NO
Dr. Swarnalatha Mallavarapu**	-	-

*Resigned as director w.e.f. 1st August, 2014.

**Appointed as director w.e.f. 26th March, 2015.

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 2014-15. The Code of Conduct is available on the company's website (www.centumelectronics.com)

d) Appointment of Directors

1. In accordance with the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. Swarnalatha Mallavarapu was appointed as Additional Director w.e.f. March 26, 2015 and will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer herself for appointment as a director.
2. In terms of the provisions of Section 149(10) & (11) and other applicable provisions, if any, of the Companies Act, 2013, Mr. Manoj Nagrah, is eligible and qualified for the appointment as Independent director. Your directors propose him for the appointment in terms of the said regulations, for a period of 5 years with your consent.
3. In terms of the provisions of Section 149(10) & (11) and other applicable provisions, if any, of the Companies Act, 2013, Mr. Rajiv C Mody, is eligible and qualified for the appointment as Independent director. Your directors propose him for the appointment in terms of the said regulations, for a period of 5 years with your consent.
4. In accordance with the provisions of sections 196, 197, 198, 203 and other applicable provisions if any, of the Companies Act, 2013 ('Act') read with Schedule V to the Act, it is proposed to re-appoint Mr. Apparao V Mallavarapu, as the Chairman & Managing Director for a period of 5 years with effect from 1st August 2015.

Familiarisation programmes for Board members

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the company. The Director is also explained in detail the compliances required from him under the Companies Act, Clause 49 of the listing Agreement 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.

Periodic presentations are made at the Board and Board Committee meetings, on business and performance updates of the company, its strategy and the risks involved.

3) Board Committees

The Board of Directors has constituted 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 on January 29, 2001 as a Sub-committee of the Board. The Committee is in line with the regulatory requirements mandated by the then Companies Act, 1956 and Clause 49 of the Listing Agreement and also in line with the latest Companies Act, 2013 & the revised Clause 49 of the Listing Agreement. The functions of the Audit Committee include:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

Corporate Governance Report (contd...)

- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- 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 arms length pricing basis and to review and approve such transactions subject to the approval of the Board.

The composition of the audit committee is as follows:

Mr. Manoj Nagrath	Chairman	Non Executive & Independent
Mr. Apparao V Mallavarapu	Member	Executive
Mr. S. Krishnan	Member	Non Executive & Independent

The Chairman of the Audit Committee is an Independent Director.

The audit committee has met 4 times during the financial year i.e., May 29, 2014, August 1, 2014, October 31, 2014 and January 30, 2015. The details of the attendance at such meetings is as follows:

Name of the Member	Number of Meetings Held during the year	Number of meetings attended during the year
Mr. Manoj Nagrath	4	4
Mr. Apparao V Mallavarapu	4	4
Mr. S. Krishnan	4	4
Dr. P Rama Rao*	4	2

*Dr. P. Rama Rao resigned w.e.f August 1, 2014.

The Company Secretary acts as the Secretary to the Committee.

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 Section 178 of the Companies Act, 2013, the Board has renamed the existing “Remuneration Committee” as the “Nomination and Remuneration Committee”.

The composition of the committee is as follows:

Mr. Manoj Nagrath	Chairman	Non-executive & Independent
Mr. S. Krishnan	Member	Non-executive & Independent
Mr. Rajiv C Mody	Member	Non-executive & Independent
Mr. Apparao V Mallavarapu	Member	Executive
Dr. P. Rama Rao*	Member	Non-executive & Independent

* Dr. P. Rama Rao resigned w.e.f August 1, 2014.

During the year, remuneration (Commission) has been paid to the Independent Directors and also a sitting fee of Rs.20,000/- per meeting (Board and Audit Committee) attended in person.

The Company is paying Remuneration to the Chairman & Managing Director of the Company. The details of the same are disclosed in the notes to accounts under Managerial Remuneration.

The Company Secretary acts as the Secretary to the Committee.

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. The same is annexed to the Directors’ report.

c) Stakeholders’ Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing “Shareholders’/Investors’ Grievance Committee” as the “Stakeholders’ Relationship Committee”.

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

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

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

Compliance Officer - Mr. Ramu Akkili, Company Secretary

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

Status of complaints from the Stakeholders from 01.04.2014 to 31.03.2015

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non-receipt of securities	NIL	9	9	NIL
2.	Non receipt of Dividend Warrants	NIL	40	40	NIL
3	Non receipt of Annual reports	NIL	7	7	NIL
4.	Others	NIL	253	253	NIL
	Total	NIL	309	309	NIL

Corporate Governance Report (contd...)

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

e) Independent Directors' Meeting

The Independent Directors of the company have met inter alia to discuss the following:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Policy for selection and Appointment of Directors and their Remuneration

The Nomination and Remuneration (N & R) Committee has formulated a policy which, inter alia, deals with the manner of selection of the Board of Directors and the Senior Management. The policy is annexed to the Directors' report.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed quality, content and timelines of flow of information between the Management and the Board. The Directors expressed their satisfaction with the evaluation process.

f) Subsidiary Companies

The company has a subsidiary, Centum Rakon India Private Limited, which is a joint venture between the Company and Rakon Ltd of New Zealand.

Mr. S Krishnan, an independent director of the company is a director of the subsidiary.

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 does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. However, the company has formulated a policy on material subsidiaries and the weblink for the same is www.centumelectronics.com

g) 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 and regulations and the Code of Conduct. During the year under review, there are no such events to report.

h) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis. There are no materially significant related party transactions during the financial year i.e. transactions of the company of material nature with its promoters, the Directors, the Management, their subsidiaries or the relatives etc. that may have potential conflict with the interests of the company at large. However, the company has taken approval of the Audit Committee and Board of Directors for all the related party transactions during the year.

Details of the significant related party transactions with the group companies are given in the appended financial statements under Note No. 33 of the notes to the accounts of the financial statements.

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

i) Compensation Committee

The Compensation Committee has been formed for the administration and supervision of the Employee Stock Option Plan (ESOP).

The composition of the Compensation committee is as follows:

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

CENTUM ESOP - 2007

During the year 2007-08, the Committee had granted 87,400 options to the employees of the Company. Out of these options granted, 11,100 options were forfeited and 76,300 options were surrendered.

During the year 2009-10, the Committee has granted 88,700 options of which 19,350 options were forfeited.

During the year 2010-11, The Committee granted 55,400 options of which 27,500 options were forfeited.

During the year 2011-2012, the Committee has granted 288,319 options of which 45,163 options were forfeited.

CENTUM ESOP - 2013

During the 2012-13, the Committee has granted 2,50,000 options of which Nil options were forfeited.

Corporate Governance Report (contd...)

4) Disclosures

a) Compliance with Statutory/legal requirements

There are no non-compliances by the company and no 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.

b) Compliance with Accounting Standards

Your company confirms that it has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

c) 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 BAAN-ERP and has a strong monitoring and reporting process resulting in financial discipline and accountability.

d) CMD/CFO Certification

The CMD and the CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement 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.

e) Compliance of mandatory requirements

The company is pleased to inform you that your company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.

5) General Body Meetings

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

Year	Date	Venue	Time	Number of special resolutions
2011-12	August 3, 2012	No 44,KHB Industrial Area Yelahanka New Township Bangalore-560106.	11.00 A.M	-
2012-13	August 7, 2013	No 44,KHB Industrial Area Yelahanka New Township Bangalore- 560106.	10.30 A.M	2
2013-14	August 7, 2014	No 44,KHB Industrial Area Yelahanka New Township Bangalore-560106.	2.00 P.M	1

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

- #
1. A special resolution was passed through Postal Ballot dated 11th July 2012 for the re-appointment of Chairman and Managing Director.
 2. A special resolution was passed through Postal Ballot dated 26th September 2014 for extending the benefits of ESOP - 2013 to the employees of Subsidiary.
 3. A special resolution was passed through Postal Ballot dated 10th February 2015 for borrowing in excess of Paid up capital and Free reserves.

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 - 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. Annual reports are sent to each shareholder, brokers and stock exchanges.

6) General Shareholding Information

A. Annual General Meeting

Date and Time

7th August 2015 at 11.00 a.m.

Venue

No. 44, KHB Industrial Area, Yelahanka New Township, Bangalore-560106.

B. Dates of book closure

5th August 2015 to 7th August 2015

C. Listing on stock exchanges

Bombay Stock Exchange Ltd. (BSE)
National Stock Exchange of India Ltd. (NSE)

D. Stock Code

BSE - 517544
NSE - CENTUM

E. Market price data

Month	BSE		Sensex		NSE		Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-14	208.90	180.70	22,939	22,198	212.00	180.00	6,870	6,650
May-14	255.90	174.00	25,376	22,277	255.00	174.00	7,564	6,639
Jun-14	299.90	219.00	25,725	24,270	301.00	218.10	7,700	7,240
Jul-14	429.95	281.80	26,300	24,892	429.95	280.00	7,841	7,422
Aug-14	441.80	361.00	26,674	25,233	441.00	360.00	7,968	7,540
Sep-14	482.20	393.00	27,355	26,220	482.00	393.00	8,180	7,842
Oct-14	536.50	434.60	27,894	25,911	537.90	433.75	8,331	8,198
Nov-14	669.45	532.00	28,822	27,740	668.80	526.00	8,617	8,516
Dec-14	700.00	574.00	28,810	26,469	699.00	573.05	8,627	8,545
Jan-15	784.90	672.00	29,844	26,776	784.90	670.00	8,997	8,874
Feb-15	923.00	640.00	29,560	28,044	920.00	885.05	8,941	8,816
Mar-15	912.00	650.00	30,025	27,248	907.00	625.00	9,119	8,926

Source: <http://www.bseindia.com> & <http://www.nseindia.com>

F. Registrars and Share transfer agents

Name & Address of the RTA

Karvy Computershare Private Limited
Unit: Centum Electronics Limited
Karvy Selenium Tower B, Plot No.31-32
Gachibowli, Financial District
Nanakramguda, Hyderabad - 500 032
Ph: 040-67161563 Fax No. 040-23001153
Email: einward.ris@karvy.com

Corporate Governance Report (contd...)

G. 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. Ramu Akkili	Company Secretary

The share transfer committee meets as and when required. The share transfer 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 Karvy Computershare Private Limited, the company's Registrar and Share Transfer Agent ('RTA'). They process the share transfers and the same are approved by the share transfer committee periodically. The share transfers are effected within 15 days from the date of receipt. The shareholders can send their share transfer/demat/remat requests either to the RTA directly or to the company.

H. Distribution of shareholding

The distribution of the shareholding as on 31 March 2015 is as follows:

No of equity shares held	No of share holders	% cases	No of shares held
upto 1 - 5000	8,283	6.14	771,364
5001 - 10000	354	2.25	282,902
10001 - 20000	181	2.12	266,798
20001 - 30000	72	1.41	176,546
30001 - 40000	38	1.09	137,302
40001 - 50000	24	0.90	113,403
50001 - 100000	49	2.76	346,728
100001 & ABOVE	52	83.33	10,474,688
Total	9,053	100.00	12,569,731

Shareholding pattern

The shareholding pattern as on March 31, 2015 is as follows:

Particulars	No of shares held	% to total shares
Shareholding of promoter and promoter group	7,577,477	60.28
Public Shareholding		
- Institutions	6,340	0.05
- Non-institutions	4,985,914	39.67
Total	12,569,731	100.00

I. Dematerialisation of shares and liquidity

The company's shares are covered under the compulsory dematerialisation list and are transferable through depository systems. M/s Karvy Computershare Private Limited acts as our RTA agents. Shares received for dematerialisation are usually registered within 5 days from the date of the receipt if all the documents are complete in all respects. The ISIN number of the company is INE320B01020.

The breakup of the shares held in physical and electronic form as on March 31, 2015 is as follows:

Particulars	No. of holders	Total Shares	%
Physical	1,839	220,563	1.76
NSDL	4,918	11,383,312	90.56
CDSL	2,296	965,856	7.68
Total	9,053	12,569,731	100.00

J. Financial Year

Financial Year: The financial Year of the Company is from 01st of April to 31st March.

K. Financial Calendar

Tentative calendar of events for the financial year 2015-16 is given below:

Sl. No.	Particulars	Tentative dates
1.	Financial reporting for the quarter ending June 30, 2015	First week of August 2015
2.	Financial reporting for the half year ending September 30, 2015.	Last week of October 2015.
3.	Financial reporting for the quarter ending December 31, 2015	Last week of January 2016.
4.	Financial reporting for the year ending March 31, 2016.	Last week of May 2016.
5.	Annual General Meeting for the year ended March 31, 2016.	July/August 2016.

L. Outstanding GDRs/ADRs/warrants

Outstanding GDRs/ADRs/warrants of any convertible instruments, conversion date and likely impact on equity.

Nil

M. Registered Office & plant address / Phone and Fax Numbers

No 44, KHB Industrial Area
Yelahanka New Town
Bangalore - 560 106
Phone : +91 80 41436000
Fax : +91 80 41436005

N. Investors correspondence

Company Secretary
Centum Electronics Limited
No. 44, KHB Industrial Area
Yelahanka New Town
Bangalore-560 106.
Phone : +91 80 41436000
Fax : +91 80 41436005
E-mail ID : ramua@centumelectronics.com

Non-mandatory information

1. The quarterly results are published in leading English and Kannada newspapers and significant events are published as news items/advertisements in newspapers and on company's website and also communicated to the Stock Exchanges wherever required.
2. Other non-mandatory requirements have not been complied by the company.

By order of the Board

For Centum Electronics Limited

Place: Bangalore
Date: 27 May, 2015

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

CEO / CFO Certification

We hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2015, 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 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 and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - i. There are no significant changes in internal control over financial reporting during the year;
 - ii. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

K S Desikan
Chief Financial Officer

Apparao V Mallavarapu
Chairman & Managing Director

NOMINATION AND REMUNERATION POLICY

1. Introduction:

Centum has formulated the Nomination and Remuneration Policy (the Policy) consisting of Constitution of the Nomination and Remuneration committee (Committee) and its objectives, appointment, remuneration of the Board, and such other matters as may be required under the Companies Act, 2013 and Clause 49 of the Listing agreement from time to time.

2. Constitution of the Committee:

The Board of Directors has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

3. Objectives of the Committee:

The Objectives of the committee are spelt out in Section 178 of the Companies Act, 2013 and Clause 49 (7) of the Listing agreement. Accordingly, the Committee at Centum shall:

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel (KMP) and other employees.
- b. Formulation of criteria for evaluation of Independent Director and the Board.
- c. Devising a policy on Board diversity.
- d. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- e. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

4. Definitions:

- "Board" means Board of Directors of the Company.
- "Director" means Directors of the Company.
- "Independent Director" means a non-executive director, other than nominee director and more particularly as defined under the Companies Act, 2013 and the revised Clause 49 of the Listing agreement.
- "Key Managerial Personnel":- Key Managerial Personnel (KMP) means-
 - a. the Chief Executive Officer or the managing director or the manager;
 - b. the Whole-Time Director;
 - c. the Chief Financial Officer; and
 - d. the Company Secretary;
 - e. such other officer as may be prescribed under the applicable statutory provisions / regulations
- "Senior Management":- The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like Technology, Markets, Operations and Finance etc., and as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise.

6. Appointment:

a. General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director/ Independent Director/ KMP/ Senior Management Personnel and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

b. Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned herein earlier under the head 'Definitions' and also their appointment and cessation shall be governed as per the provisions of clause 49 of the Listing Agreement (as amended from time to time) and the Companies Act, 2013.

7. Evaluation of the Board and Independent Director:

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

a. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time

b. Non-Executive Director:

The Non-Executive Directors shall be evaluated on the basis criteria mentioned in Section 178 of the Companies Act, 2013 and Clause 49 of the Listing agreement, which inter alia consists that the directors:

- i. act objectively and constructively while exercising their duties;
- ii. exercise their responsibilities in a bona fide manner in the interest of the company;
- iii. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- iv. do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- v. refrain from any action that would lead to loss of his independence
- vi. inform the Board immediately when they lose their independence,
- vii. assist the company in implementing the best corporate governance practices.
- viii. strive to attend all meetings of the Board of Directors and the Committees;

-
- ix. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - x. strive to attend the general meetings of the company;
 - xi. keep themselves well informed about the company and the external environment in which it operates;
 - xii. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - xiii. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
 - xiv. abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

c. Senior Management

The Senior Management shall be evaluated on the basis of targets / Criteria given to them by the Executive Director from time to time.

8. Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

a. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

b. Non-executive Independent Directors

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof and commission as approved by the shareholders. Provided that the amount of such fees/commission shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

c. KMPs / Senior Management Personnel etc .,

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

9. Directors' and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

FORM AOC - I

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

Part "A" : Subsidiaries

(Rs. In Million)

Sl. No.	Particulars	Name of the Subsidiary
		Centum Rakon India Private Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A.
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
3.	Share capital	560.00
4.	Reserves and Surplus	587.62
5.	Total assets	1252.80
6.	Total liabilities	1252.80
7.	Investments	-
8.	Turnover	1832.77
9.	Profit before taxation	495.53
10.	Provision for taxation	162.82
11.	Profit after taxation	332.71
12.	Proposed Dividend	Rs. 20/- per share
13.	% of shareholding	51%

Notes:

1. Reporting period and reporting currency of the above subsidiary is the same as that of the company.
2. Part B of the Annexure is not applicable as there are no associate companies/joint ventures of the company as on 31st March 2015.

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel(KMP) against the performance of the Company are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Apparao V Mallavarapu Chairman and Managing Director	10%	79.69	Profit before tax increased by 10% in FY 2014-15
2	S. Krishnan Non-Executive Director	13%	1.28	
3	Manoj Nagrath Non-Executive Director	-	1.28	
4	Rajiv C Mody Non-Executive Director	9%	0.85	
5	Pranav Kumar N Patel Non-Executive Director	18%	0.92	
6	Swarnalatha Mallavarapu Non-Executive Director	-	-	
7	K. S. Desikan Chief Financial Officer	6%	Not applicable	Profit before tax increased by 10% in FY 2014-15
8	Ramu Akkili Company Secretary	15%	Not applicable	

* Dr. Swarnalatha Mallavarapu was appointed w.e.f March 26, 2015, and is a Dependent director.

- (iii) During the financial year, there was an increase of 8.45% in the median remuneration of employees.
 (iv) There were 931 permanent employees on the rolls of Company as on March 31, 2015.
 (v) Relationship between average increase in remuneration and company performance:

The Profits before tax for the financial year ended March 31, 2015 increased by 10% whereas the increase in median remuneration was 8.45%. The average increase in median remuneration was in line with the performance of the Company.

(vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The total remuneration of Key Managerial Personnel increased by 9.46% from Rs. 27.28 Mn in 2013-14 to Rs. 29.86 Mn in 2014-15 whereas the Profit before Tax increased by 10% to Rs. 42.70 Mn in 2014-15 (Rs. 38.78 Mn in 2013-14).

(vii) Variations in the market capitalisation, Price Earnings ratio, Percentage increase over/decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year.

Particulars	2014	2015
Share price as at March 31	186.50	755.35
No. of Equity shares	12,425,609	12,569,731
PE Ratio	7.57	29.45
Market capitalisation (Rs. In million)	2,317.38	9,494.55

The Company came out with initial public offer (IPO) in 1994 at an issue price of Rs. 10/- per share.

(viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2014-15 was 8.41% whereas the increase in the managerial personnel for the same financial year was 9.46%.

(ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors as per the Nomination and Remuneration Policy of the company.

(x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - There was one employee during the year received remuneration of 11% in excess of remuneration of the Chairman & Managing Director.

(xi) 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 under Clause 49 of the Listing Agreement

To,
The Members of Centum Electronics Limited

I, Apparao V Mallavarapu, Chairman and Managing Director of Centum Electronics Limited hereby declare that all the members of the Board of Directors and Senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2015.

Date : 27th May 2015
Place : Bangalore

Apparao V Mallavarapu
Chairman and Managing Director

Auditor's Certificate

To the Members of Centum Electronics Limited

We have examined the compliance of conditions of Corporate Governance by Centum Electronics Limited ("the Company") for the year ended on 31 March 2015 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchange(s).

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership Number: 060573

Bangalore

Date: 27 May, 2015

Independent Auditor's report

To the Members of Centum Electronics Limited

Report on the financial statements

We have audited the accompanying financial statements of Centum Electronics Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31 March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the Directors as on 31 March 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015 from being appointed as a Director in terms of Section 164 (2) of the Act; and
 - (f) 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, 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 financial statements - Refer Note 25 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership Number: 060573

Bangalore

Date: 27 May, 2015

Annexure to the Independent Auditor's Report

The Annexure referred to in the Auditor's Report to the Members of Centum Electronics Limited ("the Company") for the year ended 31 March 2015. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were observed on such verification.
- (ii) (a) The inventories, except materials-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and service provided are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Cess, Service tax, Duty of Customs, Duty of Excise and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education Protection Fund and Wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and other material statutory dues that were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Service tax and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following Income tax, Sales tax, Duty of customs and Duty of excise dues have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount net of paid under protest (Rs)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	30,719,151 (5,463,180)*	Assessment Year 2005-06	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Disallowance of exemptions	2,665,351 (2,360,739)*	Assessment Year 2006-07	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Disallowance of exemptions	630,673	Assessment Year 2008-09	Commissioner of Income Tax (Appeals) - Bangalore
Central Sales Tax Act, 1956 & Karnataka Value Added Tax, 2005 (KVAT)	Central sales tax (CST) & Karnataka Value Added Tax (KVAT)	5,106,330 (5,532,993)*	Financial year 2005-06, 2006-07 & 2007-08	Honourable High Court of Karnataka
Central Excise Act, 1944	Disallowance of cenvat credit availed	9,988,320 (1,000,000)*	Financial year 2004-2005 and 2005-2006	CESTAT, Bangalore
UP Trade Tax Act, 1948	Commercial tax	2,700,000	Financial year 2007-08	Appellate Tribunal (Commercial Tax), Agra
UP Trade Tax Act, 1948	Commercial tax	2,753,303	Financial year 2006-07	Additional Commissioner (Appeals) Commercial Tax, Agra

* Amount in parenthesis represents the payment made under protest.

- (c) According to the information and explanation given to us, there is no amount which requires to be transferred to Investor Education and Protection Fund.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of its dues to any banks during the year. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has not availed any term loan during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Bangalore

Date: 27 May, 2015

Membership Number: 060573

Balance Sheet

	Note	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	125,697,310	124,256,090
Reserves and surplus	3	1,190,199,547	917,426,271
		<u>1,315,896,857</u>	<u>1,041,682,361</u>
Non-current liabilities			
Long-term provisions	4	15,060,115	12,169,324
		<u>15,060,115</u>	<u>12,169,324</u>
Current liabilities			
Short-term borrowings	5	594,463,813	313,770,315
Trade payables	6	462,780,534	333,574,766
Other current liabilities	7	590,539,889	250,219,276
Short-term provisions	8	67,089,631	49,291,822
		<u>1,714,873,867</u>	<u>946,856,179</u>
		<u>3,045,830,839</u>	<u>2,000,707,864</u>
ASSETS			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	9	298,024,217	354,172,307
Intangible assets	9	18,053,085	10,063,178
Capital work-in-progress		150,338	500,279
		<u>316,227,640</u>	<u>364,735,764</u>
Non-current investments	10	28,560,000	28,560,000
Deferred tax assets (net)	11	43,377,893	25,844,284
Long-term loans and advances	12	158,953,276	130,672,006
Other non-current assets	13	-	20,551,465
		<u>547,118,809</u>	<u>570,363,519</u>
Current assets			
Inventories	14	1,120,023,815	519,400,240
Trade receivables	15	903,495,138	730,463,769
Cash and bank balances	16	300,911,707	87,966,272
Short-term loans and advances	17	174,281,370	92,514,064
		<u>2,498,712,030</u>	<u>1,430,344,345</u>
		<u>3,045,830,839</u>	<u>2,000,707,864</u>
Significant accounting policies	1		

The notes referred to above form an integral part of the balance sheet.

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 27 May, 2015

for **Centum Electronics Limited**

Apparao V. Mallavarapu
Chairman & Managing Director

K.S. Desikan
Chief Financial Officer

S. Krishnan
Director

Ramu Akkili
Company Secretary

Statement of Profit and Loss

	Note	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
Revenue from operations			
Sale of Product/goods (Gross)	18	3,219,227,149	2,978,938,449
Less: Excise duty		56,992,154	61,213,137
Sale of Product/goods (Net)		3,162,234,995	2,917,725,312
Other income	19	112,935,665	64,096,258
		<u>3,275,170,660</u>	<u>2,981,821,570</u>
Expenses:			
Cost of materials consumed	20	2,269,832,645	1,821,424,101
Changes in inventories of work-in-progress	21	(174,787,015)	34,583,675
Employee benefit expense	22	400,203,276	334,456,148
Finance costs	23	17,772,145	40,319,343
Depreciation and amortisation	9	71,296,227	71,591,568
Other expenses	24	263,815,144	291,614,764
		<u>2,848,132,422</u>	<u>2,593,989,599</u>
Profit before taxation		<u>427,038,238</u>	<u>387,831,971</u>
Income tax expenses:			
- Current tax		130,000,000	77,480,370
- Previous year		(5,891,618)	-
- Deferred tax credit / (charge)		(17,533,609)	5,428,957
Profit for the year after tax		<u>320,463,465</u>	<u>304,922,644</u>
Earnings per equity share	27		
(par value of Rs 10 each)			
Basic		25.65	24.64
Diluted		25.04	24.20
Significant accounting policies	1		

The notes referred to above form an integral part of the statement of profit and loss.

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 27 May, 2015

for **Centum Electronics Limited**

Apparao V. Mallavarapu
Chairman & Managing Director

K.S. Desikan
Chief Financial Officer

S. Krishnan
Director

Ramu Akkili
Company Secretary

Notes on financial statements for the year ended 31st March, 2015

1. Significant accounting policies

a) Background

Centum Electronics Limited ("the Company") was incorporated as a public limited company on 8 January 1993 and commenced commercial production in 1994.

The Company is primarily involved in

- manufacture of Advanced Microelectronics Modules and Resistor Networks catering to the communications, military, aerospace and industrial electronics markets; and
- manufacture of printed circuit board assembly (PCBA) and Repair and Return business catering to the automobile, communications and industrial electronics markets

b) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of The Company (Accounts) Rules 2014, the provision of Act (to the extent notifies and applicable).

c) Cash flow statement

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Company are segregated.

d) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP) in India, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

e) Fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Intangible assets are recorded at their acquisition cost. Machinery spares which are specific to a particular item of fixed asset are capitalized at the time of their purchase.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and equipment which is estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Company believes that the useful lives as given below best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The Company estimates the useful lives for fixed assets as follows:

Asset categories	Years
Plant and equipment (including the related intellectual property)	8 years (Lives as estimated by Company)
Electrical installations	10 years
Furniture and fixtures	10 years
Office equipment	5 year
Computers	3 years

Land is not depreciated. Leasehold improvements are being depreciated over the useful life or lease term whichever is shorter.

For assets acquired/ disposed during the year, depreciation is provided from/upto the date the assets are acquired/ disposed. Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

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

g) Investments

Investments in subsidiary is made to enhance the Company's business interests and therefore classified as trade investments. Investments are either classified as current or long-term based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price and all incidental expenses (other than those subsequently recoverable by the Company from the tax authorities) incurred in bringing the inventory to its present location and condition. The basis of determining cost is set out below:

Stores and spares	Weighted average cost method
Raw materials and components	Weighted average cost method
Work-in-progress and finished goods	Weighted average cost including costs of conversion.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

i) Revenue recognition

Revenue from the sale of products and materials is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted inclusive of excise duty and exclude sales tax and trade and quantity discounts and are net of sales returns. Revenue from sale of manufactured goods has been presented both gross and net of excise duty.

Revenue from services is recognized as and when services are rendered as per the terms of the contract.

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

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.

Interest on deployment of funds is recognized using the time proportionate method, based on the underlying interest rates.

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidies are received.

Notes on financial statements (contd...)

j) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognized in the statement of profit and loss.

The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts.

Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/ fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

k) Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

m) Employee benefits

Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other short term benefit

The expected cost of short-term employee benefits in the form of accumulating compensated absences are recognized as the additional amount that the enterprise expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Defined contribution plan

Contributions to the recognized provident fund and approved superannuation schemes, which are defined contribution schemes, are charged to the statement of profit and loss.

n) Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

o) Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

p) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current and deferred tax are disclosed on a net basis when there is a legally enforceable right to set off and management intends to settle the asset and liability on a net basis.

q) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

r) Stock compensation expense

The Company accounts for stock based compensation expense based on the intrinsic value method as prescribed by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India.

Notes on financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
2. SHARE CAPITAL		
Authorised		
15,500,000 (previous year: 15,500,000) equity shares of Rs 10 each	155,000,000	155,000,000
Issued, subscribed and paid-up		
12,569,731 (previous year: 12,425,609) equity shares of Rs 10 each, fully paid	125,697,310	124,256,090
	125,697,310	124,256,090

Out of the above, 4,933,333 equity shares of Rs 10 each, have been issued for consideration other than cash pursuant to amalgamation of Soletron EMS India Limited with the company effective 1 April 2009.

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Number and value of shares at the beginning of the year	12,425,609	124,256,090	12,365,183	123,651,830
Number of shares issued during the year	144,122	1,441,220	60,426	604,260
Number and value of shares outstanding at the end of the year	12,569,731	125,697,310	12,425,609	124,256,090

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	Number	% of holding	Number	% of holding
Apparao V Mallavarapu	6,604,715	52.54%	6,604,715	53.15%
Bharat Jayantilal Patel	*	*	737,930	5.94%

* does not hold more than 5% of equity shares

Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity share having par value of Rs.10. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting.

The Company declares and pays dividends 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. "During the year ended 31 March 2015, the amount of per share interim dividend recognised as distributions to equity shareholders was Re.1 (previous year: Re 1) and per share final dividend was Rs.2 (previous year: Rs 1.50). The total dividend appropriation for the year ended 31 March, 2015 amounted to Rs.37,769,288 (previous year: Rs 31,108,015) including corporate dividend tax of Rs.Nil (previous year: Rs Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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 shareholders.

Refer note 29 for disclosure in relation to employee stock option plan.

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	2,890,925	687,960
Add: Addition during the year	7,059,730	2,202,965
Closing balance	9,950,655	2,890,925
Hedge reserve		
Balance at the beginning of the year	-	(261,500)
Add: Addition during the year	-	261,500
Closing balance	-	-
General reserve		
Balance at the beginning of the year	440,261,568	409,769,304
Add: Addition during the year	-	30,492,264
Closing balance	440,261,568	440,261,568
Surplus in statement of profit and loss		
Opening balance	474,273,778	230,951,413
Add: Profit for the year	320,463,465	304,922,644
Less: Appropriations during the year		
Interim dividend	12,570,378	12,425,609
Proposed final dividend	25,198,910	18,682,406
Transferred to reserve	-	30,492,264
Additional depreciation as per Schedule II of Companies Act 2013 (refer note 9)	16,980,631	-
Closing balance	739,987,324	474,273,778
	1,190,199,547	917,426,271
4 LONG-TERM PROVISIONS		
Provision for employee benefit (refer note 28)	15,060,115	12,169,324
	15,060,115	12,169,324

Notes on financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
5. SHORT-TERM BORROWINGS		
<i>Secured</i>		
Loans repayable on demand		
- Cash credit	1,136,260	5,855,418
- Packing credit	593,327,553	307,914,897
	594,463,813	313,770,315
Cash credit and Packing credit from bank is secured by way of hypothecation on the inventories, book debts and other current assets of the Company. Additionally it is secured by way of collateral charge on plant and machinery and an equitable mortgage of land.		
There is no continuing default in the repayment of the principal and interest amounts.		
6. TRADE PAYABLES		
- Dues to micro and small enterprises	2,162,724	2,056,694
- Dues to others	460,617,810	331,518,072
	462,780,534	333,574,766
* refer note 34 for details of dues to micro and small enterprises.		
7. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt*	-	1,664,999
Current maturities of finance lease obligations*	-	21,246
Advance from customers	407,387,506	110,172,828
Unpaid dividends	1,398,636	970,620
[Investor Protection Education Fund shall be credited when due]		
Other payables		
- withholding and other taxes and duties payable	32,230,020	7,024,992
- for expenses	148,568,423	126,162,014
- for capital goods	955,304	4,202,577
	590,539,889	250,219,276
*The term loan from others represents vehicle loan taken from a non banking financial institution and secured by vehicle of the company. The term loan carries an interest rate of 10.45% per annum on the outstanding amount of the loan. The interest was payable monthly along with the principle repayment. The term loan from other was repayable in thirty five equal monthly installments commencing from 1 February 2012. The term loan has been fully repaid in the current year.		
Finance lease obligation is towards laptops and computers purchased on finance lease and secured by the leased assets. The finance lease obligation is repayable in twelve quarterly installments from the date of lease of the leased assets. The finance lease obligation has been fully repaid in the current year.		
There is no continuing default in the principal and repayment amount.		
8. SHORT-TERM PROVISIONS		
Provision for gratuity (refer note 28)	2,187,841	2,154,304
Provision for compensated absences	6,148,571	4,575,846
Provision for stamp duty charges (refer note 41)	19,585,888	19,585,888
Proposed final dividend	25,198,910	18,682,406
Provision for taxation, net of advance tax	13,968,421	4,293,378
	67,089,631	49,291,822

9 FIXED ASSETS

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 1 April 2014	Additions during the year	Deletions during the year	As at 31 March 2015	As at 1 April 2014	Charge for the year	Adjusted in reserves (refer note-1)	Deletions during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets, owned											
Freehold land	4,409,383	-	-	4,409,383	-	-	-	-	-	4,409,383	4,409,383
Leasehold improvements	8,921,814	6,157,590	-	15,079,404	5,878,835	2,239,619	-	-	8,118,454	6,960,950	3,042,979
Building	59,907,189	143,532	-	60,050,721	21,572,892	2,016,214	-	-	23,589,106	36,461,615	38,334,297
Plant and equipment	736,853,101	17,215,441	-	754,068,542	600,035,074	45,749,340	1,328,868	-	647,113,282	106,955,260	136,818,027
Electrical installations	30,474,257	778,095	-	31,252,352	13,707,151	4,157,352	1,450,192	-	19,314,695	11,937,657	16,767,106
Computers	33,080,980	289,794	-	33,370,774	30,910,168	1,296,926	185,885	-	32,392,979	977,795	2,170,812
Office equipment	31,639,275	219,072	-	31,858,347	8,707,975	4,362,462	11,938,986	-	25,009,423	6,848,924	22,931,300
Furniture and fixtures	20,487,381	842,623	-	21,330,004	11,184,964	2,623,189	632,115	-	14,440,268	6,889,736	9,302,417
Vehicles	16,237,643	-	-	16,237,643	10,957,142	2,344,116	988,972	-	14,290,230	1,947,413	5,280,501
Tangible assets, leased											
Computer	990,801	-	-	990,801	487,006	396,129	83,872	-	967,007	23,794	503,795
Leasehold land	114,611,690	-	-	114,611,690	-	-	-	-	-	114,611,690	114,611,690
Total (A)	1,057,613,514	25,646,147	-	1,083,259,661	703,441,207	65,185,347	16,608,890	-	785,235,444	298,024,217	354,172,307
Intangible assets, owned											
Computer software	35,021,709	9,145,006	-	44,166,715	27,430,638	6,018,566	371,741	-	33,820,944	10,345,771	7,591,071
Intellectual property	3,296,143	5,327,521	-	8,623,664	824,036	92,314	-	-	916,350	7,707,314	2,472,107
Total (B)	38,317,852	14,472,527	-	52,790,379	28,254,674	6,110,880	371,741	-	34,737,294	18,053,085	10,063,178
Total (A)+(B)	1,095,931,366	40,118,674	-	1,136,050,040	731,695,881	71,296,227	16,980,631	-	819,972,739	316,077,301	364,235,485
Previous year	906,407,592	189,722,959	199,185	1,095,931,366	660,303,498	71,591,568	-	199,185	731,695,881	364,235,485	

Note -1

During the year ended 31 March 2015, the Company has reassessed the estimated useful life of fixed assets considering the guidelines under Schedule II of the Companies Act, 2013. The realignment of the useful lives has resulted in adjustment of Rs.16,980,631 against the opening balance of retained earnings.

Notes on financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
10. NON-CURRENT INVESTMENTS		
Trade investment unquoted		
Investments in equity instruments		
Investments in subsidiary		
Aggregate amount of unquoted investment	28,560,000	28,560,000
	28,560,000	28,560,000
2,856,000 (previous year: 2,856,000) equity shares of Rs 10 each, fully paid up in Centum Rakon India Private Limited		
11. DEFERRED TAX ASSETS/(LIABILITIES), NET		
Deferred tax asset		
Fixed assets	18,545,262	4,584,576
Provision for doubtful debts	1,596,052	1,596,182
Provision for doubtful advances	462,609	462,609
Provision for gratuity	16,116,727	12,543,673
Current liabilities and provisions	6,657,243	6,657,244
Deferred tax assets, net	43,377,893	25,844,284
12. LONG-TERM LOANS AND ADVANCES		
<i>Unsecured, considered good</i>		
Capital advances	79,883,680	47,720,051
Balance with government authorities	38,957,255	39,838,386
Advance tax, net of provision for tax	24,350,030	27,064,437
Prepaid expenses	3,192,681	3,907,775
Deposits	12,569,630	12,141,357
	158,953,276	130,672,006
<i>Unsecured, considered doubtful</i>		
Balance with government authorities	1,361,015	1,361,015
	1,361,015	1,361,015
Less: Provision for doubtful deposits and advances	1,361,015	1,361,015
	158,953,276	130,672,006
13. OTHER NON-CURRENT ASSETS		
Trade receivables (Unsecured, considered good) (represents trade receivables on deferred credit terms)	-	20,551,465
	-	20,551,465
14. INVENTORIES		
Raw materials*	824,431,021	401,917,194
[Includes raw material in transit Rs.26,432,917 (previous year: nil)]		
Work-in-progress*	286,176,900	111,389,885
Stores and spares*	9,415,894	6,093,161
	1,120,023,815	519,400,240
[*Refer significant accounting policy note 'h' for mode of valuation]		

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
15. TRADE RECEIVABLES*		
<i>Unsecured</i>		
Debts due for a period exceeding six months		
- considered good	57,539,497	46,608,386
- considered doubtful	4,695,653	4,695,653
	<u>62,235,150</u>	<u>51,304,039</u>
Other debts		
- Considered good	845,955,641	683,855,383
	<u>845,955,641</u>	<u>683,855,383</u>
Less: Provision for doubtful debts	4,695,653	4,695,653
	<u>903,495,138</u>	<u>730,463,769</u>
* Includes an amount of Rs.7,738,580 (previous year Rs.8,103,625) receivable from companies where directors of the company are also directors / members		
16. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	802,737	458,139
Balance with banks		
- on current account	40,234,717	9,661,224
- on fixed deposit account	208,100,758	-
- on exchange earners foreign currency account	2,749,978	43,986,447
	<u>251,888,190</u>	<u>54,105,810</u>
Other bank balances		
Balance with banks		
- on current account*	1,413,158	985,142
- on margin money accounts**	47,610,359	32,875,320
	<u>300,911,707</u>	<u>87,966,272</u>
* Includes balance in unclaimed dividend account Rs.1,413,158 (previous year: Rs.970,620).		
**Margin money is against bank guarantees issued in favour of customers and statutory authorities.		
17. SHORT-TERM LOANS AND ADVANCES		
Deposits	160,989	160,989
Staff advances	1,202,112	539,959
Prepaid expenses	16,187,121	13,616,864
Balances with government authorities	3,125,060	10,533,694
Advance to suppliers	125,687,511	57,879,677
Interest accrued but not due	174,365	1,692,406
Other advances and receivables	27,744,212	8,090,475
	<u>174,281,370</u>	<u>92,514,064</u>

Notes on financial statements (contd...)

Particulars	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
18. REVENUE FROM OPERATIONS		
Sale of products, gross	3,083,921,593	2,824,551,923
Less: Excise duty	56,992,154	61,213,137
Sale of products, net	3,026,929,439	2,763,338,786
Sale of services	135,305,556	154,386,526
	3,162,234,995	2,917,725,312
Refer Note 37 for details related to sale of manufactured product and service income.		
19. OTHER INCOME		
Interest on bank deposits	12,461,962	2,384,488
Interest on income tax refund	-	23,863
Rental income	3,032,400	3,032,400
Dividend income from subsidiary company	57,120,000	57,120,000
Profit on sale of fixed assets	-	204,858
Other non-operating income	29,803,692	1,330,649
Foreign exchange gain, net	10,517,611	-
	112,935,665	64,096,258
20. COST OF MATERIAL CONSUMED		
Inventory of materials at the beginning of the year	408,010,355	323,207,966
Add: Purchases	2,695,669,205	1,906,226,490
Less: Inventory of materials at the end of the year	833,846,915	408,010,355
	2,269,832,645	1,821,424,101
Refer note 35 and 36 for details of items of raw materials and components consumed.		
21. CHANGE IN INVENTORIES OF WORK-IN-PROGRESS		
<i>Opening Stock</i>		
Work in progress	111,389,885	145,973,560
<i>Closing Stock</i>		
Work in progress	286,176,900	111,389,885
Decrease/(increase) in inventories of work in progress	(174,787,015)	34,583,675
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	363,218,300	299,292,156
Contribution to provident and other funds	17,638,516	15,556,365
Staff welfare expenses	19,346,460	19,607,627
	400,203,276	334,456,148
23. FINANCE COSTS		
Interest expense	13,478,003	37,555,158
Other Borrowing cost	4,294,142	2,764,185
	17,772,145	40,319,343

Particulars	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
24. OTHER EXPENSES		
Rent	19,130,347	17,108,134
Rates and taxes	2,291,317	3,099,179
Power and fuel	36,136,458	30,251,346
Repairs and maintenance		
- Building	12,235,098	10,019,464
- Plant and machinery	16,261,929	10,492,243
Insurance	9,486,746	8,061,802
Professional and consultancy	28,551,600	26,372,506
Selling and marketing expenses	2,163,131	7,634,527
Travelling and conveyance	42,387,422	25,426,376
Purchase of services	34,064,406	45,593,682
Postage, telephones and telegrams	5,222,294	3,406,297
Printing and stationery	3,909,440	3,256,669
Corporate social responsibility expenses	3,819,750	2,982,250
Contribution towards scientific research	-	10,000,000
Advertisement and promotion	5,505,327	2,429,737
Security charges	4,272,359	4,227,613
Commission paid to non-executive directors	800,000	1,000,000
Recruitment and training	9,709,778	4,471,744
Bad debts written-off	-	725,203
Directors sitting fees	560,000	370,000
Freight outwards	2,446,147	8,735,545
Foreign exchange loss, net	-	42,741,638
Bank charges	16,899,560	15,484,606
Miscellaneous expenses	7,962,035	7,724,203
	<u>263,815,144</u>	<u>291,614,764</u>

Notes on financial statements (contd...)

25. Capital commitments and contingent liabilities

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and provided (net of advances)	435,582,192	49,078,476
Contingent liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Income tax	34,015,175	54,053,780
Sales tax	10,559,633	10,559,633
Excise duty	9,988,320	9,988,320
Stamp duty [refer schedule 41]	5,107,137	5,107,137

26. Auditors' remuneration excluding service tax (included under professional and consultancy)

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Statutory audit	2,500,000	2,500,000
Out of pocket expenses reimbursed	221,956	125,478
	2,721,956	2,625,478

27. Earnings per share

The computation of earnings per share is set out below:

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit for the year	320,463,465	304,922,644
Weighted average number of equity shares outstanding at the beginning of the year (in numbers)	12,425,609	12,365,183
Weighted average number of shares issued during the year	67,037	11,766
Weighted average number of equity shares outstanding during the year (in numbers)	12,492,646	12,376,949
Face value of equity shares	10	10
Earnings per share - basic	25.65	24.64
Weighted average number of equity shares outstanding during the year - basic	12,492,646	12,376,949
Add: Effect of dilutive issues of stock options	304,958	221,073
Weighted average number of equity shares and potential equity shares outstanding during the year	12,797,604	12,598,022
Earnings per share - dilutive	25.04	24.20

28. The following table sets out the status of the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
Change in projected benefit obligations		
Obligations at year beginning	14,323,628	12,563,092
Service cost	3,714,888	2,574,923
Past service cost	-	-
Benefits paid	(562,563)	(535,287)
Interest cost	1,446,880	1,166,430
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Actuarial loss/ (gain)	(1,674,877)	(1,445,530)
Obligations at year end	17,247,956	14,323,628
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	562,563	535,287
Benefits paid	(562,563)	(535,287)
Plan assets at year end, at fair value	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	17,247,956	14,323,628
Asset/(liability) recognised in the balance sheet	(17,247,956)	(14,323,628)
Gratuity cost for the year		
Service cost	3,714,888	2,574,923
Interest cost	1,446,880	1,166,430
Expected return on plan assets	-	-
Actuarial loss/ (gain)	(1,674,877)	(1,445,530)
Past service cost	-	-
Net gratuity cost	3,486,891	2,295,823

Notes on financial statements (contd...)

Amounts for the current and previous four periods are as follows:

Five-year information	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	(17,247,956)	(14,323,628)	(12,563,091)	(9,441,461)	(7,844,832)
Fair value of plan assets	-	-	-	-	-
Asset/ (liability) recognised in the balance sheet	(17,247,956)	(14,323,628)	(12,563,091)	(9,441,461)	(7,844,832)
Experience adjustments arising on plan liabilities -loss/(gain)	(1,674,877)	(1,445,530)	338,302	81,455	(135,941)
Experience adjustments arising on plan assets-loss/(gain)	-	-	-	-	-

Assumptions:

Discount rate	7.78%	9.10%
Expected rate of return on plan assets	Not applicable	Not applicable
Expected rate of salary increase	7%	7%
Attrition rate	1%-15%	1%-15%
Retirement age	58 years	58 years

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company does not have any planned assets.

29. Employee stock options:

The company has two stock option plans.

Centum employee stock option plan 2007

The Centum ESOP - 2007 was approved by the board of directors of the Company in October 2007 and by the shareholders in December 2007. The 2007 plan provides for the issue of 416,666 shares to the employees. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2015 and the related weighted average exercise price of stock options under the Centum ESOP plan 2007 is presented below.

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	248,130	59.17	335,353	58.09
Granted during the year	-	-	-	-
Exercised during the year	115,442	55.94	60,426	46.46
Forfeited / lapsed during the year	-	-	26,797	74.38
Options outstanding at the end of the year	132,688	61.97	248,130	59.17
Exercisable at the end of the year	73,401	68.86	122,576	61.32

The options outstanding as at 31 March 2015 had an exercise price of Rs.61.97 and the weighted average remaining contractual life of 9.60 years.

Centum employee stock option plan 2013

The Centum ESOP -2013 was approved by the board of directors of the Company in May 2013 and by the shareholders in August 2013. The 2013 plan provides for the issue of 250,000 shares to the employees. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2015 and the related weighted average exercise price of stock options under the Centum ESOP plan 2013 is presented below.

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	250,000	71.25	-	-
Granted during the year	-	-	250,000	71.25
Exercised during the year	28,680	71.25	-	-
Forfeited / lapsed during the year	-	-	-	-
Options outstanding at the end of the year	221,320	71.25	250,000	71.25
Exercisable at the end of the year	33,807	71.25	-	-

The options outstanding as at 31 March 2015 had an exercise price of Rs 71.25 and the weighted average remaining contractual life of 11.35 years.

The Company applies the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan. The Company has therefore adopted the pro forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India with effect from 1 April 2005.

Had the compensation been determined using the fair value approach described in the aforesaid Guidance Note, the Company's net profit and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

Particulars	(Amount in Rs.)	
	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Profit for the year	320,463,465	304,922,644
Add: Stock based compensation expense determined under the intrinsic value method	-	-
Less: Stock based compensation expense determines under the fair value method	5,949,680	3,773,474
Adjusted net profit	314,513,785	301,149,170
Basic earnings per share as reported	25.65	24.64
Pro forma basic earnings per share	25.18	24.33
Diluted earnings per share as reported	25.04	24.20
Pro forma diluted earnings per share	24.58	23.90

Notes on financial statements (contd...)

The fair value of each option under both plan is estimated by management on the date of grant using the Black - Scholes model with the following assumptions

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7-8.6%	5.7-9.1%
Volatility	99.49%	63.43%

30. The Company's foreign currency exposure on account of foreign currency denominated payables not hedged as on 31 March 2015.

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	15,708,466	980,852,328	9,726,085	584,012,476
EUR	1,702,365	115,280,608	1,166,102	96,232,553
GBP	5,930	548,738	54,369	5,424,584
JPY	540,250	277,148	2,769,000	1,670,815
SEK	198,441	1,412,902	734,686	6,964,821
		1,098,371,724		694,305,249

The Company's foreign currency exposure on account of foreign currency denominated receivables not hedged as on 31 March 2015:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	8,546,167	532,490,328	10,349,579	619,981,170
EUR	407,100	27,504,600	792,332	65,251,498
GBP	17,216	1,590,190	8,866	883,014
JPY	-	-	80,000	48,272
		561,585,118		686,163,954

31 Leases

The Company has taken office facilities under cancelable operating lease agreement. The Company intends to renew the agreement in the normal course of its business. Total lease rentals recognised in the profit and loss for the year in respect of the aforementioned lease is Rs 19,130,347 (previous year: Rs 17,108,134).

The Company has also given office facilities under cancelable operating lease agreement to its subsidiary. Total lease rental income recognized in the profit and loss for the year with respect to the above is Rs 3,032,400 (previous year: Rs 3,032,400).

The company has taken computers under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2015 is :

Period	As at 31 March 2015			As at 31 March 2014		
	Minimum lease payments	Future interest	Present value of minimum lease payments	Minimum lease payments	Future interest	Present value of minimum lease payments
Not later than one year	-	-	-	22,208	962	21,246
Later than one year and not later than five years	-	-	-	-	-	-
	-	-	-	22,208	962	21,246

32. Segment Information

The Company operates through two divisions, products business comprising of Modules (Products segment) and Electronic Manufacturing Services (Services segment), which are considered to be the primary segments and geography as the secondary segment.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identified to that segment, while other items, wherever allocable, are apportioned to the segments on 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 practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

Primary segment information	(Amount in Rs.)	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Segment revenue		
Products	496,187,008	554,107,301
Services	2,610,556,840	2,317,443,979
Unallocable	55,491,147	46,174,032
	3,162,234,995	2,917,725,312
Segment result		
Products	115,226,037	153,162,005
Services	240,697,016	209,130,674
Unallocable	71,115,185	25,539,292
	427,038,238	387,831,971
Income taxes		
- Current year	130,000,000	77,480,370
- Previous year	(5,891,618)	-
- Deferred	(17,533,609)	5,428,957
Profit after taxation	320,463,465	304,922,644

Notes on financial statements (contd...)

Segment assets		
Products	625,676,915	421,321,112
Services	2,082,322,978	1,225,056,291
Unallocable	337,830,946	354,330,461
	3,045,830,839	2,000,707,864
Segment liabilities		
Products	235,188,115	77,833,665
Services	1,407,210,446	801,386,711
Unallocable	87,535,421	79,805,128
	1,729,933,982	959,025,504
Capital expenditure [including capital work in progress]		
Products	11,005,289	44,095,376
Services	21,896,051	26,542,803
Unallocable	7,367,667	118,927,598
	40,269,007	189,565,777
Depreciation		
Products	18,834,027	19,903,856
Services	45,311,003	46,862,706
Unallocable	7,151,197	4,825,006
	71,296,227	71,591,568

Secondary segment disclosures:

(Amount in Rs.)

Geographic segment	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenues		
India	863,900,138	768,305,842
Europe	664,824,641	575,129,126
USA	760,204,718	856,684,302
Rest of the world	873,305,498	717,606,042
	3,162,234,995	2,917,725,312
Segment assets		
India	2,431,435,318	1,363,783,937
Europe	269,455,645	161,398,534
USA	122,792,138	276,923,446
Rest of the world	222,147,738	198,601,947
	3,045,830,839	2,000,707,864

33 Related party disclosures

A. Parties where control exists:

Apparao V Mallavarapu (directly and indirectly exercises 60.28% voting power in the Company)

Subsidiary of the company

Centum Rakon India Private Limited

B. Other related parties where transactions have taken place during the year:

Parties under common control

Centum Industries Private Limited

C. Key executive management personnel represented on the Board:

Apparao V Mallavarapu - Chairman and Managing Director
 S Krishnan (Director)
 Rajiv C Mody (Director)
 Pranav Patel (Director)
 Manoj Nagrath (Director)
 Swarnalatha Mallavarapu (Additional Director) (Appointed with effect from 26 March 2015)
 Dr.P Rama Rao (Director) (Resigned with effect from 1 August 2014)
 K S Desikan (Chief Financial Officer)
 Ramu Akkili (Company Secretary)

D. The following is a summary of transactions with related parties by the Company:

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of goods and services		
Parties under common control		
<i>Centum Industries Private Limited</i>		
- Sale of goods and services	69,000	389,400
<i>Subsidiary</i>		
Centum Rakon India Private Limited		
- Service income	88,836,124	55,308,557
- Sale of goods	6,008,653	5,559,332
Other Income		
<i>Subsidiary</i>		
Centum Rakon India Private Limited		
- Rental income	3,032,400	3,032,400
- Dividend	57,120,000	57,120,000
Purchase of goods and services		
<i>Parties under common control</i>		
Centum Industries Private Limited	26,948,993	19,779,648
<i>Subsidiary</i>		
Centum Rakon India Private Limited	627,433	365,281
Expense incurred on behalf		
<i>Subsidiary</i>		
Centum Rakon India Private Limited	10,877,598	10,415,163
Managerial remuneration		
<i>Key management personnel</i>		
Managerial remuneration	22,478,235	20,412,000

Notes on financial statements (contd...)

E. The balances receivable from and payable to related parties are as follows:

(Amount in Rs.)		
Particulars	As at 31 March 2015	As at 31 March 2014
Trade receivables		
<i>Parties under common control</i>		
Centum Industries Private Limited	622,149	41,252
<i>Subsidiary</i>		
Centum Rakon India Private Limited	122,520	3,218,734
Trade payables		
<i>Subsidiary</i>		
Centum Rakon India Private Limited	328,451	-
Other advances and receivables		
<i>Subsidiary</i>		
Centum Rakon India Private Limited	-	1,865,147
<i>Parties under common control</i>		
Centum Industries Private Limited	2,313,400	1,824,086
Non current investment		
<i>Subsidiary</i>		
Centum Rakon India Private Limited	28,560,000	28,560,000
Managerial remuneration payable		
Key management personnel	13,046,235	11,330,836

34. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(Amount in Rs.)		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	2,162,724	2,056,694
- Interest	1,628	-
The amount of interest paid by the buyer as per the MSMED Act, 2006	-	117,265
The amounts of the payments made to micro and small suppliers 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 MSMED Act, 2006	-	-

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductibles expenditure under the MSMED Act, 2006	-	-

35. Particulars of raw materials and components consumed

(Amount in Rs.)

Components	For the year ended 31 March 2015	For the year ended 31 March 2014
Integrated circuits	736,869,104	646,843,936
Others	1,012,045,384	731,497,890
	1,748,914,488	1,378,341,826

(Amount in Rs.)

Raw materials	For the year ended 31 March 2015	For the year ended 31 March 2014
PCB	302,416,252	262,855,081
Others	218,501,904	180,227,194
	520,918,156	443,082,275

Note: No other individual item of raw materials and components consumed account for 10% or more of the total consumption during the year.

36. Particulars of raw materials and components consumed

(Amount in Rs.)

	For the year ended 31 March 2015		For the year ended 31 March 2014	
	%	Amount	%	Amount
Components				
Imported	94%	1,635,990,936	93%	1,283,711,115
Indigenous	6%	112,923,553	7%	94,630,711
		1,748,914,489		1,378,341,826
Raw materials				
Imported	98%	509,990,718	79%	349,762,176
Indigenous	2%	10,927,438	21%	93,320,099
		520,918,156		443,082,275

Notes on financial statements (contd...)

37. Particulars in respect of sale of manufactured products (including excise duty) and service income
(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of products:		
Modules	532,952,520	603,151,318
Printed circuit boards assembly	2,402,605,556	2,077,784,374
Others	148,642,370	143,616,231
Sale of services:		
Repair services	71,564,428	102,398,681
Commission	7,971,128	5,787,845
Others	55,491,147	46,200,000
	3,219,227,149	2,978,938,449

38. CIF value of imports

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital goods	11,426,111	55,003,784
Raw materials and components (including goods in transit)	2,371,892,496	1,765,636,358
	2,383,318,607	1,820,640,142

39. Expenditure in foreign currency (on payment basis)

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Travelling and conveyance	16,411,541	7,799,483
Selling and marketing expenses	1,030,753	1,194,019
Professional and consultancy	942,541	2,454,053
Salaries, wages and allowances	53,179,942	36,051,424
Other financial charges	1,434,238	1,195,842
Recruitment and training	3,898,386	1,196,907
Postage, telephone and telegram	842,599	602,549
Rent	250,486	185,652
Miscellaneous expenses	199,480	271,894
	78,189,966	50,951,823

40. Earnings in foreign currency

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of manufactured goods	2,298,334,857	2,149,419,469
Total	2,298,334,857	2,149,419,469

41. Based on a demand notice dated 12 February 2010 received from District Registrar, Stamps and Registration Department, Karnataka, the Company has estimated and provided Rs 11,174,165 towards additional stamp duty liability against a claim of Rs 16,281,302 in the aforementioned demand notice, payable pursuant to the demerger of EMS business from Centum Electronics Limited (formerly known as Solelectron Centum Electronics Limited) on 1 October 2006, as per the Scheme of Arrangement approved by the Honorable High Court of Karnataka effective 13 July 2007. The differential amount of Rs 5,107,137 has been disclosed as a contingent liability [refer note 25].

The Company has also provided Rs 8,411,723 towards stamp duty payable pursuant to the merger of Solelectron EMS India Limited with the Company.

(Amount in Rs.)		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening balance	19,585,888	18,553,413
Add: Provision made during the year	-	1,032,475
	19,585,888	19,585,888

42. Expenditure on research and development

(Amount in Rs.)		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital	-	16,261,175
Recurring (including depreciation)	44,285,351	31,711,726
	44,285,351	47,972,901

43. Previous year's figure including those in brackets have been regrouped and/ or rearranged wherever necessary.

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 27 May, 2015

for **Centum Electronics Limited**

Apparao V. Mallavarapu
Chairman & Managing Director

K.S. Desikan
Chief Financial Officer

S. Krishnan
Director

Ramu Akkili
Company Secretary

Cash Flow Statement

	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
Cash flow from operating activities		
Profit before tax	427,038,238	387,831,971
Adjustments		
Unrealised foreign exchange (gain)/loss	(6,980,324)	7,311,739
Dividend income from subsidiary company	(57,120,000)	(57,120,000)
Bad debts written off	-	725,203
Profit on sale of fixed assets	-	(204,858)
Depreciation and amortisation	71,296,227	71,591,568
Interest expenses	17,772,145	40,319,342
Interest income	(12,461,962)	(2,384,488)
Operating cash flows before working capital changes	439,544,324	448,070,476
Changes in liabilities and provisions	474,093,404	131,183,963
Changes in inventories	(600,623,575)	(50,218,714)
Changes in trade receivables	(134,805,013)	(144,571,773)
Changes in loans and advances	(82,117,395)	(56,204,737)
Changes in other bank balances	(15,163,055)	(10,121,845)
Cash generated from operations	80,928,690	318,137,370
Income tax paid, net	(111,718,926)	(54,967,254)
Net cash generated from operating activities	(30,790,236)	263,170,115
Cash flow from investing activities		
Proceeds from sale of fixed assets	-	204,858
Interest received	13,980,003	1,191,562
Dividend received from subsidiary company	57,120,000	57,120,000
Purchase of fixed assets	(75,179,642)	(196,855,402)
Net cash used in investing activities	(4,079,638)	(138,338,980)
Cash flow from financing activities		
Proceeds from short term borrowings from bank	275,540,095	-
Repayment of long term borrowings	(1,686,245)	(30,006,151)
Proceeds from issue of share capital	8,500,950	2,807,225
Interest paid	(17,772,145)	(40,514,325)
Dividend paid	(30,824,768)	(12,081,504)
Net cash provided by/(used in) financing activities	233,757,887	(79,794,755)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,105,633)	(192,433)
Net increase in cash and cash equivalents	198,888,013	45,036,380
Cash and cash equivalents at the beginning of the year	54,105,810	9,261,862
Cash and cash equivalents at the end of the year (refer note 16)	251,888,190	54,105,810

This is the Cash Flow statement referred to in our report attached

As Per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 27 May, 2015

for Centum Electronics Limited

Apparao V. Mallavarapu
Chairman & Managing Director

K.S. Desikan
Chief Financial Officer

S. Krishnan
Director

Ramu Akkili
Company Secretary

Independent Auditor's report

To the Members of Centum Electronics Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Centum Electronics Limited (hereinafter referred to as "the Holding Company") and its subsidiary Centum Rakon India Private Limited (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Independent Auditor's report (contd...)

consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31 March 2015;
- ii. in the case of the consolidated statement of profit and loss, of the consolidated profit for the year ended on that date; and
- iii. in the case of the consolidated cash flow statement, of the consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in our reports of the Holding company and its subsidiary company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and statutory audit report of the subsidiary company, none of the directors of the Holding and its subsidiary company and incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its subsidiary company- Refer note 24 to the consolidated financial statements;
 - ii. the Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership Number: 060573

Bangalore

Date: 27 May, 2015

Annexure to the Independent Auditor's report

As stated in Para 1 of 'Report on Other Legal and Regulatory Requirements' in our Auditor's Report of even date, the following statement is based on the comments in the auditors' reports on the standalone financial statements of the Holding Company and its subsidiary company:

- (i) (a) The Holding Company and its subsidiary company have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Holding Company and its subsidiary company have regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Holding Company and its subsidiary company and the nature of its fixed assets. No material discrepancies were observed on such verification.
- (ii) (a) The inventories, except materials-in-transit, have been physically verified by the respective Management of Holding Company and its subsidiary company during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the Management as referred above are reasonable and adequate in relation to the size of the Holding Company and its subsidiary company and the nature of its business.
- (c) The Holding Company and its subsidiary company have maintained proper records of inventories. The discrepancies noticed on verification physical between the physical stocks and book records were not material.
- (iii) The Holding Company and its subsidiary company have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained by these companies under Section 189 of the Companies Act 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for specialised requirements and similarly certain goods sold and service provided are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Holding Company and its subsidiary company and the nature of its business, with regard to purchase of inventories and fixed assets and with regard to the sale of goods and service. We have not observed any major weakness in the internal control system during the course of these companies.
- (v) The Holding Company and its subsidiary company have not accepted any deposits in accordance with provisions of the section 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company and subsidiary company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Holding company and subsidiary company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Cess, Service tax, Wealth tax, Duty of Customs, Duty of Excise and other material statutory dues have been generally regularly deposited during the year by the Holding Company and its subsidiary company with the appropriate authorities. As explained to us, the Holding company and subsidiary company did not have any dues on account of Investor Education Protection Fund.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and other material statutory dues that were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Service tax and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following Income tax, Sales tax, Customs

Annexure to the Independent Auditor's report (contd...)

duty and Excise duty dues have not been deposited by the Holding company and subsidiary company on account of disputes:

Centum Electronics Limited

Name of the statute	Nature of dues	Amount net of paid under protest (Rs)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	30,719,151 (5,463,180)*	Assessment Year 2005-06	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Disallowance of exemptions	2,665,351 (2,360,731)*	Assessment Year 2006-07	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Disallowance of exemptions	630,673	Assessment Year 2008-09	Commissioner of Income Tax (Appeals) - Bangalore
Central Sales Tax Act, 1956 & Karnataka Value Added Tax, 2005 (KVAT)	Central sales tax (CST) & Karnataka Value Added Tax (KVAT)	5,106,330 (5,532,993)*	Financial year 2005-06, 2006-07 & 2007-08	Honourable High Court of Karnataka
Central Excise Act, 1944	Disallowance of cenvat credit availed	9,988,320 (1,000,000)*	Financial year 2004-2005 and 2005-2006	CESTAT, Bangalore
UP Trade Tax Act, 1948	Commercial tax	2,700,000	Financial year 2007-08	Appellate Tribunal (Commercial Tax), Agra
UP Trade Tax Act, 1948	Commercial tax	2,753,303	Financial year 2006-07	Additional Commissioner (Appeals) Commercial Tax, Agra

Centum Rakon India Private Limited

Name of the statute	Nature of dues	Amount net of paid under protest (Rs)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income-tax and interest	36,694,650 (10,000,000)*	Previous year 2009-10	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Income-tax and interest	45,745,180	Previous year 2010-11	Dispute Resolution Panel, Bangalore

* Amount in parenthesis represents the payment made under protest.

- (c) According to the information and explanation given to us, there is no amount which requires to be transferred to Investor Education and Protection Fund by the Holding company and its subsidiary company.

-
- (viii) On consolidated basis, the Holding Company and its subsidiary company do not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Holding Company and its subsidiary company have not defaulted in repayment of dues to any bank and financial institutions or to debenture holders during the year. The Holding Company and its subsidiary company did not have any outstanding debenture during the year.
- (x) According to the information and explanations given to us, the Holding Company and its subsidiary company have not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the Holding Company and subsidiary company have not raised any term loan during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Holding Company and its subsidiary company have been noticed or reported during the course of our audit.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership Number: 060573

Bangalore

Date: 27 May, 2015

Consolidated Balance Sheet

	Note	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	125,697,310	124,256,090
Reserves and surplus	3	1,555,826,706	1,183,989,286
		<u>1,681,524,016</u>	<u>1,308,245,376</u>
Minority interest	36	361,242,361	266,486,536
Non-current liabilities			
Long-term provisions	4	21,767,482	17,226,342
		<u>21,767,482</u>	<u>17,226,342</u>
Current liabilities			
Short-term borrowings	5	893,657,277	526,691,750
Trade payables	6	525,665,623	429,350,097
Other current liabilities	7	668,742,401	332,237,744
Short-term provisions	8	114,667,654	72,128,606
		<u>2,202,732,955</u>	<u>1,360,408,197</u>
		<u>4,267,266,814</u>	<u>2,952,366,451</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	704,698,922	738,717,270
Intangible assets	9	18,158,542	10,339,261
Capital work-in-progress		291,401	1,232,967
		<u>723,148,865</u>	<u>750,289,498</u>
Deferred tax assets, net	10	41,220,625	14,347,643
Long-term loans and advances	11	180,509,242	140,674,562
Other non-current assets	12	-	20,551,465
		<u>944,878,732</u>	<u>925,863,168</u>
Current assets			
Inventories	13	1,513,244,078	766,697,135
Trade receivables	14	1,104,726,577	971,676,486
Cash and bank balances	15	503,371,802	165,265,601
Short-term loans and advances	16	201,045,625	122,864,061
		<u>3,322,388,082</u>	<u>2,026,503,283</u>
		<u>4,267,266,814</u>	<u>2,952,366,451</u>
Significant accounting policies	1		

The notes referred to above form an integral part of the balance sheet.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No. 060573

Place : Bangalore

Date : 27 May, 2015

for **Centum Electronics Limited**

Apparao V. Mallavarapu

Chairman & Managing Director

K.S. Desikan

Chief Financial Officer

S. Krishnan

Director

Ramu Akkili

Company Secretary

Consolidated Statement of Profit and Loss

	Note	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
Revenue from operations			
Sale of Product/goods (Gross)	17	4,939,603,908	4,313,952,046
Less: excise duty		59,633,734	62,133,415
Sale of Product/goods (Net)		4,879,970,174	4,251,818,631
Other income	18	72,343,144	7,050,559
		4,952,313,318	4,258,869,190
Expenses:			
Cost of materials consumed	19	3,232,293,972	2,622,379,186
Purchases of stock-in-trade (traded)			
Changes in inventories of work-in-progress	20	(246,468,239)	(13,393,646)
Employee benefits expense	21	529,857,278	429,959,682
Finance costs	22	31,551,473	58,968,125
Depreciation and amortisation	9	166,938,606	156,839,402
Other expenses	23	372,249,799	387,128,024
		4,086,422,889	3,641,880,773
Profit before tax and minority interest		865,890,428	616,988,418
Income tax expenses			
Current tax		301,700,000	175,480,370
Previous year		(5,430,452)	-
Deferred tax credit		(26,872,983)	(382,294)
Profit after tax and before minority interest		596,493,863	441,890,342
Minority interest		163,027,736	95,166,584
Profit for the year		433,466,127	346,723,757
Earnings per equity share (Par value of Rs.10 each)			
Basic		34.70	28.01
Diluted		33.87	27.52
Significant accounting policies	1		

The notes referred to above form an integral part of the statement of profit and loss.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration No. 101248W/W-100022

for **Centum Electronics Limited**

Sampad Guha Thakurta

Partner

Membership No. 060573

Place : Bangalore

Date : 27 May, 2015

Apparao V. Mallavarapu

Chairman & Managing Director

K.S. Desikan

Chief Financial Officer

S. Krishnan

Director

Ramu Akkili

Company Secretary

Notes on Consolidated financial statements (contd...)

1. Significant accounting policies

a) Background

Centum Electronics Limited (“the Company”) along with its majority owned and controlled subsidiary, Centum Rakon India Private Limited (together referred to as “Centum” or “Group”) are primarily involved in the manufacture of Advanced Microelectronics Modules, Frequency Control Products, Printed Circuit Board Assembly (PCBA) and Resistor Networks catering to the communications, military, aerospace and industrial electronics markets. Centum is headquartered in Bangalore, India.

b) Basis of preparation of consolidated financial statements

The Consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 and the guidelines issued by the Securities and Exchange Board of India, to the extent applicable.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidated Financial Statements as specified in the Companies (Accounting Standards) Rules, 2006, and as per section 129 (3) of Companies Act 2013. The financial statements of Centum Electronics Limited - the parent Company and Centum Rakon India Private Limited have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain /loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

c) Cash flow statement

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Group are segregated.

d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

e) Fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Intangible assets are recorded at their acquisition cost. Machinery spares which are specific to a particular item of fixed asset are capitalized at the time of their purchase.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and equipment which is estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Company believes that the useful lives as given below best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The Company estimates the useful lives for fixed assets as follows:

Asset categories	Years
Plant and equipment (including the related intellectual property)	8 years (Lives as estimated by Company)
Electrical installations	10 years
Furniture and fixtures	10 years
Office equipment	5 year
Computers	3 years

Land is not depreciated. Leasehold improvements are being depreciated over the useful life or lease term whichever is shorter.

For assets acquired/ disposed during the year, depreciation is provided for from/ upto the date the assets are acquired/ disposed. Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

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

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price and all incidental expenses (other than those subsequently recoverable by the Group from the tax authorities) incurred in bringing the inventory to its present location and condition. The basis of determining cost is set out below:

Stores and spares	Weighted average cost method
Raw materials and components	Weighted average cost method
Work-in-progress and finished goods	Weighted average cost including costs of conversion
Goods in transit	At actual cost

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

h) Revenue recognition

Revenue from the sale of products and materials is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted inclusive of excise duty and exclude sales tax and trade and quantity discounts and are net of sales returns. Revenue from sale of manufactured goods has been presented both gross and net of excise duty.

Revenue from services is recognized as and when services are rendered as per the terms of the contract.

Interest on deployment of funds is recognized using the time proportionate method, based on underlying interest rates.

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidies are received.

i) Employee benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the consolidated statement of profit and loss on accrual basis.

Gratuity costs, which is defined benefit scheme, are accrued based on actuarial valuation at the balance sheet date, carried out by independent actuary.

Notes on Consolidated financial statements (contd...)

The expected cost of short-term employee benefits in the form of accumulating compensated absences are recognized as the additional amount that the enterprise expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

j) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the consolidated statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognized in the consolidated statement of profit and loss.

The Group is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Group enters into foreign exchange forward contracts.

Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS11'), 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/ fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

k) Earnings per share

In determining earnings per share, the Group considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

l) Provisions and contingent liabilities

The Group recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

m) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed

depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current and deferred tax are disclosed on a net basis when there is a legally enforceable right to set off and management intends to settle the asset and liability on a net basis.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income-tax during the specified period.

n) Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

o) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.

q) Stock compensation expense

The Group accounts for stock based compensation expense based on the intrinsic value method as prescribed by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI).

Notes on Consolidated financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
2. SHARE CAPITAL		
Authorised		
15,500,000 (previous year: 15,500,000) equity shares of Rs 10 each	155,000,000	155,000,000
Issued, subscribed and paid-up		
12,569,731 (previous year: 12,425,609) equity shares of Rs 10 each, fully paid	125,697,310	124,256,090
	125,697,310	124,256,090

Out of the above, 4,933,333 equity shares of Rs 10 each, have been issued for consideration other than cash pursuant to amalgamation of Soletron EMS India Limited with the company effective 1 April 2009.

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Number and value of shares at the beginning of the year	12,425,609	124,256,090	12,365,183	123,651,830
Number of shares issued during the year	144,122	1,441,220	60,426	604,260
Number and value of shares outstanding at the end of the year	12,569,731	125,697,310	12,425,609	124,256,090

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	Number	% of holding	Number	% of holding
Apparao V Mallavarapu	6,604,715	52.54%	6,604,715	53.15%
Bharat Jayantilal Patel	*	*	737,930	5.94%

* does not hold more than 5% of equity shares

Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity share having par value of Rs.10. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder's meeting.

The Company declares and pays dividends 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. "During the year ended 31 March 2015, the amount of per share interim dividend recognised as distributions to equity shareholders was Re.1 (previous year: Re 1) and per share final dividend was Rs.2 (previous year: Rs 1.50). The total dividend appropriation for the year ended 31 March, 2015 amounted to Rs.37,769,288 (previous year: Rs 31,108,015) including corporate dividend tax of Rs.Nil (previous year: Rs Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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 shareholders.

Refer note 29 for disclosure in relation to employee stock option plan.

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	122,986,949	120,783,984
Add: Addition during the year	7,059,730	2,202,965
Closing balance	<u>130,046,679</u>	<u>122,986,949</u>
Hedge reserve		
Balance at the beginning of the year	-	(261,500)
Add: Addition during the year	-	261,500
Closing balance	<u>-</u>	<u>-</u>
General reserve		
Balance at the beginning of the year	475,100,060	425,183,891
Add: Addition during the year	-	49,916,169
Closing balance	<u>475,100,060</u>	<u>475,100,060</u>
Surplus in statement of profit and loss		
Opening balance	585,902,277	329,910,248
Add: Profit for the year	433,466,127	346,723,757
Less: Appropriations during the year		
Interim dividend	12,570,378	12,425,609
Proposed final dividend	25,198,910	18,682,406
Corporate dividend tax	11,420,641	9,707,544
Transferred to reserve	-	49,916,169
Additional depreciation as per Schedule II of Companies Act 2013 (refer note 9)	19,498,508	-
Closing balance	<u>950,679,967</u>	<u>585,902,277</u>
	<u><u>1,555,826,706</u></u>	<u><u>1,183,989,286</u></u>
4 LONG-TERM PROVISIONS		
Provision for employee benefit (refer note 28)	21,767,482	17,226,342
	<u><u>21,767,482</u></u>	<u><u>17,226,342</u></u>
5. SHORT-TERM BORROWINGS		
<i>Secured</i>		
Loans repayable on demand		
- Cash credit	1,136,260	6,707,787
- Packing credit	892,521,017	519,983,963
	<u><u>893,657,277</u></u>	<u><u>526,691,750</u></u>

Cash credit and Packing credit from bank is secured by way of hypothecation on the inventories, book debts and other current assets of the Company. Additionally it is secured by way of collateral charge on plant and machinery and an equitable mortgage of land.

There is no continuing default in the repayment of the principal and interest amounts.

Notes on Consolidated financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
6. TRADE PAYABLES		
- Dues to micro and small enterprises	2,674,800	2,414,254
- Dues to others	522,990,823	426,935,843
	525,665,623	429,350,097
7. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt*	-	1,664,999
Current maturities of finance lease obligations*	-	21,246
Interest accrued but not due	223,834	203,039
Advance from customers	423,667,710	124,731,618
Unpaid dividends	1,398,636	970,620
Other payables		
- withholding and other taxes and duties payable	35,564,522	9,329,630
- for expenses	205,914,451	189,700,347
- for capital goods	1,973,248	5,616,245
	668,742,401	332,237,744

*The term loan from others represents vehicle loan taken from a non banking financial institution and secured by vehicle of the company. The term loan carries an interest rate of 10.45% per annum on the outstanding amount of the loan. The interest was payable monthly along with the principal repayment. The term loan from other was repayable in thirty five equal monthly installments commencing from 1 February 2012. The term loan has been fully repaid in the current year.

Finance lease obligation is towards laptops and computers purchased on finance lease and secured by the leased assets. The finance lease obligation is repayable in twelve quarterly installments from the date of lease of the leased assets. The finance lease obligation has been fully repaid in the current year. There is no continuing default in the principle and repayment amount.

8. SHORT-TERM PROVISIONS

Provision for gratuity (refer note 28)	2,752,988	2,699,942
Provision for compensated absences	8,297,280	6,175,707
Provision for stamp duty charges (refer note 35)	19,585,888	19,585,888
Proposed final dividend	25,198,910	18,682,406
Corporate dividend tax	22,393,414	19,034,400
Provision for taxation, net of advance tax	36,439,174	5,950,263
	114,667,654	72,128,606

9 FIXED ASSETS

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at 1 April 2014	Additions during the year	Deletions during the year	As at 31 March 2015	As at 1 April 2014	Charge for the year	Adjusted in reserves (refer note-1)	Deletions during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets, owned											
Freehold land	4,409,383	-	-	4,409,383	-	-	-	-	-	4,409,383	4,409,383
Leasehold improvements	35,862,857	14,416,005	-	50,278,862	21,668,999	7,136,597	-	-	28,805,596	21,473,267	14,193,858
Building	59,907,189	143,532	-	60,050,721	21,572,892	2,016,214	-	-	23,589,106	36,461,615	38,334,297
Plant and equipment	1,469,436,333	120,184,587	-	1,589,620,921	1,006,337,655	127,810,241	1,328,871	-	1,135,476,767	454,144,154	463,098,678
Electrical installation	84,647,809	11,607,926	-	96,255,735	33,409,574	9,305,788	5,571,554	-	48,286,916	47,968,819	51,238,235
Computers	42,482,572	678,038	-	43,160,610	37,347,673	2,751,424	212,129	-	40,235,586	2,925,025	5,134,899
Office equipment	36,225,732	311,933	-	36,537,666	9,582,370	5,513,707	12,288,180	-	27,384,257	9,153,409	26,643,362
Furniture and fixtures	29,720,620	842,623	-	30,563,243	14,452,046	3,458,523	1,072,325	-	18,982,893	11,580,350	15,268,574
Vehicles	16,237,641	-	-	16,237,641	10,957,142	2,344,116	988,972	-	14,290,230	1,947,411	5,280,499
Tangible assets, leased											
Computer	990,801	-	-	990,801	487,006	396,129	83,872	-	967,007	23,790	503,795
Leasehold land	114,611,690	-	-	114,611,690	-	-	-	-	-	114,611,690	114,611,690
Total (A)	1,894,532,627	148,184,644	-	2,042,717,272	1,155,815,357	160,732,739	21,545,903	-	1,338,018,358	704,698,922	738,717,270
Intangible assets, owned											
Computer software	37,161,375	9,145,006	-	46,306,381	29,294,221	6,113,554	371,733	-	35,855,148	10,451,228	7,867,154
Intellectual property	3,296,143	5,327,520	-	8,623,664	824,036	92,314	-	-	916,350	7,707,314	2,472,107
Total (B)	40,457,518	14,472,526	-	54,930,045	30,118,257	6,205,868	371,733	-	36,771,498	18,158,542	10,339,261
Total (A)+(B)	1,934,990,145	162,657,171	-	2,097,647,318	1,185,933,614	166,938,606	21,917,636	-	1,374,789,856	722,857,464	749,056,531
Previous year	1,663,504,583	271,684,747	199,185	1,934,990,145	1,029,293,397	156,839,402	-	199,185	1,185,933,614	749,056,531	

Note - 1

During the year ended 31 March 2015, the Company has reassessed the estimated useful life of fixed assets considering the guidelines under Schedule II of the Companies Act, 2013. The realignment of the useful lives has resulted in adjustment of Rs.19,498,508 against the opening balance of retained earnings and Rs.2,419,128 to minority accounts.

Notes on Consolidated financial statements (contd...)

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
10. DEFERRED TAX ASSETS/(LIABILITIES), NET		
Deferred tax liabilities		
Fixed assets	(6,110,738)	(14,669,020)
	(6,110,738)	(14,669,020)
Deferred tax asset		
Fixed assets	18,545,261	4,584,576
Provision for doubtful debts	1,965,724	1,965,854
Provision for doubtful advances	462,609	462,609
Provision for gratuity	19,700,525	15,346,380
Current liabilities and provisions	6,657,244	6,657,244
	47,331,363	29,016,663
Net deferred tax assets, net	41,220,625	14,347,643
11. LONG-TERM LOANS AND ADVANCES		
<i>Unsecured, considered good</i>		
Capital advances	81,983,680	50,736,021
Balance with government authorities	42,437,352	41,482,591
Advance tax, net of provision for tax	34,350,030	27,064,437
Prepaid expenses	3,906,533	4,252,389
Deposits	17,831,647	17,139,124
	180,509,242	140,674,562
<i>Unsecured, considered doubtful</i>		
Balance with government authorities	1,361,015	1,361,015
	1,361,015	1,361,015
Less: Provision for doubtful deposits and advances	1,361,015	1,361,015
	180,509,242	140,674,562
12. OTHER NON-CURRENT ASSETS		
Trade receivables (Unsecured, considered good) (represents trade receivables on deferred credit terms)	-	20,551,465
	-	20,551,465
13. INVENTORIES		
Raw materials* [Includes raw material in transit Rs.31,550,097 (previous year: 18,534,042)]	993,169,677	497,049,881
Work-in-progress*	510,022,333	263,554,094
Stores and spares*	10,052,068	6,093,160
	1,513,244,078	766,697,135
[*Refer significant accounting policy note 'h' for mode of valuation]		

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
14. TRADE RECEIVABLES		
<i>Unsecured</i>		
Debts due for a period exceeding six months		
- considered good	57,811,956	46,608,386
- considered doubtful	4,739,235	4,739,235
	<u>62,551,191</u>	<u>51,347,621</u>
Other debts		
- Considered good	1,046,914,621	925,068,100
	<u>1,046,914,621</u>	<u>925,068,100</u>
Less: Provision for doubtful debts	4,739,235	4,739,235
	<u>1,104,726,577</u>	<u>971,676,486</u>
15. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	911,683	551,682
Balance with banks		
- on current account	44,975,494	10,136,603
- on fixed deposit account	345,641,633	-
- on exchange earners foreign currency account	59,572,695	117,057,378
	<u>451,101,505</u>	<u>127,745,663</u>
Other bank balances		
Balance with banks		
- on current account*	1,413,158	985,142
- on margin money accounts**	50,857,139	36,534,796
	<u>503,371,802</u>	<u>165,265,601</u>
* Includes balance in unclaimed dividend account Rs.1,413,158 (previous year: Rs.970,620).		
**Margin money is against bank guarantees issued in favour of customers and statutory authorities.		
16. SHORT-TERM LOANS AND ADVANCES		
<i>Unsecured considered good</i>		
Deposits	160,989	160,989
Staff advances	1,696,515	1,251,247
Prepaid expenses	18,409,271	15,909,646
Balances with government authorities	22,500,095	35,623,705
Advance to suppliers	130,245,955	59,993,151
Interest accrued but not due	617,041	1,834,845
Other advances and receivables	27,415,759	8,090,478
	<u>201,045,625</u>	<u>122,864,061</u>
<i>Unsecured, considered doubtful</i>		
Advance to suppliers	-	1,044,008
	-	1,044,008
Less: Provision for doubtful advances	-	1,044,008
	<u>201,045,625</u>	<u>122,864,061</u>

Notes on Consolidated financial statements (contd...)

Particulars	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
17. REVENUE FROM OPERATIONS		
Sale of products, gross	4,893,614,470	4,214,874,077
Less: Excise duty	59,633,734	62,133,415
Sale of products, net	4,833,980,736	4,152,740,662
Sale of services	45,989,438	99,077,969
	4,879,970,174	4,251,818,631
18. OTHER INCOME		
Interest on bank deposits	14,569,269	2,975,450
Interest on income tax refund	-	23,863
Profit on sale of fixed assets	-	1,514,143
Other non-operating income	42,849,716	2,537,103
Provision no longer required written back	740,586	-
Foreign exchange gain, net	14,183,573	-
	72,343,144	7,050,559
19. COST OF RAW MATERIAL CONSUMED		
Inventory of materials at the beginning of the year	503,143,041	400,171,506
Add: Purchases	3,732,372,675	2,725,350,721
Less: Inventory of materials at the end of the year	1,003,221,744	503,143,041
	3,232,293,972	2,622,379,186
20. CHANGE IN INVENTORIES OF WORK-IN-PROGRESS		
<i>Opening Stock</i>		
Work in progress	263,554,094	250,160,448
<i>Closing Stock</i>		
Work in progress	510,022,333	263,554,094
Decrease/(increase) in inventories of work in progress	(246,468,239)	(13,393,646)
21. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	476,280,843	382,360,509
Contribution to provident and other funds	25,213,118	21,144,965
Staff welfare expenses	28,363,317	26,454,208
	529,857,278	429,959,682
22. FINANCE COSTS		
Interest expense	25,154,945	54,420,062
Other Borrowing cost	6,396,528	4,548,063
	31,551,473	58,968,125

Particulars	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
23. OTHER EXPENSES		
Rent	27,107,332	23,485,787
Rates and taxes	2,633,588	3,470,590
Power and fuel	68,026,291	54,597,790
Repairs and maintenance		
- Building	12,639,447	11,089,518
- Plant and machinery	36,585,654	21,139,627
Insurance	12,138,370	10,793,492
Professional and consultancy	33,418,173	30,340,942
Selling and marketing expenses	2,710,048	16,809,593
Travelling and conveyance	49,441,178	29,670,513
Purchase of services	52,031,230	60,306,036
Postage, telephones and telegrams	5,386,883	3,594,646
Printing and stationery	5,759,703	4,842,462
Corporate social responsibility expenses	4,889,750	2,982,250
Contribution to scientific research	-	10,000,000
Advertisement and promotion	5,505,556	2,454,737
Security charges	4,710,839	4,607,787
Commission paid to non executive directors	800,000	1,000,000
Recruitment and training	10,025,575	4,835,893
Bad debts written-off	-	725,203
Directors sitting fees	576,000	378,000
Freight outwards	8,888,198	14,807,518
Foreign exchange loss, net	-	46,654,133
Bank charges	19,689,567	18,086,506
Miscellaneous expenses	9,286,417	10,455,001
	372,249,799	387,128,024

Notes on Consolidated financial statements (contd...)

24. Capital commitments and contingent liabilities

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and provided (net of advances)	452,020,138	58,490,130
Contingent liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Income tax	34,015,175	54,053,780
Sales tax	10,559,633	10,559,633
Excise duty	9,988,320	9,988,320
Stamp duty [refer schedule 35]	5,107,137	5,107,137

The Subsidiary Company received an order dated 5 April 2013 from the income tax authorities with respect to the assessment year 2009-2010. As per the assessment order, the carried forward loss for the assessment year 2009-2010 has been assessed as Rs 40,704,558 by the assessing officer as against the carried forward loss of Rs 87,137,017 claimed by the Company. The decrease in carried forward tax loss represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Commissioner of Income-tax (Appeal) and management believes that its position is likely to be upheld in the appellate process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received.

Further, the Subsidiary Company received an order dated 30 December 2014 from the income tax authorities with respect to the assessment year 2010-2011. As per the assessment order, the taxable income has been assessed as Rs 77,550,542 by the assessing officer as against the taxable income declared by company amounting to Rs 20,118,108. The increase in taxable income represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Income Tax Appellate Tribunal and management believes that its position is likely to be upheld in the appellate process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received.

Further the Subsidiary Company received an order dated 16 March 2015 from the income tax authorities with respect to the assessment year 2011-2012. As per the assessment order, the taxable income has been assessed as Rs 118,156,411 by the assessing officer as against the taxable income declared by company amounting to Rs. 45,755,432. The increase in taxable income represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Dispute Resolution Panel and management believes that its position is likely to be upheld in the panel process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received.

25. Auditors' remuneration excluding service tax (included under professional and consultancy)

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Audit fees	3,000,000	3,000,000
Out of pocket expenses reimbursed	266,298	169,820
	3,266,298	3,169,820

26. Earnings per share

The computation of earnings per share is set out below:

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit for the year	433,466,138	346,723,757
Weighted average number of equity shares outstanding at the beginning of the year (in numbers)	12,425,609	12,365,183
Weighted average number of shares issued during the year	67,037	11,766
Weighted average number of equity shares outstanding during the year (in numbers)	12,492,646	12,376,949
Face value of equity shares	10	10
Earnings per share - basic	34.70	28.01
Weighted average number of equity shares outstanding during the year - basic	12,492,646	12,376,949
Add: Effect of dilutive issues of stock options	304,958	221,073
Weighted average number of equity shares and potential equity shares outstanding during the year	12,797,604	12,598,022
Earnings per share - dilutive	33.87	27.52

27 Holding of Centum Electronics Limited in its subsidiary:

Name of the subsidiary	Country of incorporation	Holding as at 31 March 2015
Centum Rakon India Private Limited	India	51%

On 3 March 2008, the company acquired 100% stake in Centum Rakon India Private Limited (Centum Rakon) by subscribing to 2,856,000 equity shares of Rs 10 each at par in Centum Rakon. Subsequently, on 25 March 2008, Rakon Limited, New Zealand (Rakon Limited / Minority holder) acquired 49% stake in Centum Rakon through its wholly owned subsidiary Rakon (Mauritius) Limited.

Notes on Consolidated financial statements (contd...)

27. Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
Change in projected benefit obligations		
Obligations at year beginning	19,926,283	17,668,447
Service cost	4,832,291	3,436,542
Past service cost	-	-
Benefits paid	(737,630)	(1,215,559)
Interest cost	1,999,598	1,623,641
Actuarial loss/ (gain)	(1,500,072)	(1,586,788)
Obligations at year end	24,520,470	19,926,283
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	737,630	1,215,559
Benefits paid	(737,630)	(1,215,559)
Plan assets at year end, at fair value	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	24,520,470	19,926,284
Asset/ (liability) recognised in the balance sheet	(24,520,470)	(19,926,284)
Gratuity cost for the year		
Service cost	4,832,291	3,436,542
Interest cost	1,999,598	1,623,641
Expected return on plan assets	-	-
Actuarial loss/ (gain)	(1,500,072)	(1,586,788)
Past service cost	-	-
Net gratuity cost	5,331,817	3,473,396

Amounts for the current and previous four periods are as follows:

Five-year information	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	(24,520,470)	(19,926,283)	17,668,425	5,809,593	4,940,416
Fair value of plan assets	-	-	-	-	-
Asset/ (liability) recognised in the balance sheet	(24,520,470)	(19,926,283)	17,668,425	5,809,593	4,940,416
Experience adjustments arising on plan liabilities -loss/ (gain)	(1,500,072)	(1,586,788)	841,044	216,730	(4,609)
Experience adjustments arising on plan assets-loss/ (gain)	-	-	-	-	-

Assumptions:

Discount rate	7.78%	9.10%
Expected rate of return on plan assets	Not applicable	Not applicable
Expected rate of salary increase	7%	7%
Attrition rate	1%-15%	1%-15%
Retirement age	58 years	58 years

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company does not have any planned assets.

29. Employee stock options:

The company has two stock option plans.

Centum employee stock option plan 2007

The Centum ESOP - 2007 was approved by the board of directors of the Company in October 2007 and by the shareholders in December 2007. The 2007 plan provides for the issue of 416,666 shares to the employees. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2015 and the related weighted average exercise price of stock options under the Centum ESOP plan 2007 is presented below.

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	248,130	59.17	335,353	58.09
Granted during the year	-	-	-	-
Exercised during the year	115,442	55.94	60,426	46.46
Forfeited / lapsed during the year	-	-	26,797	74.38
Options outstanding at the end of the year	132,690	61.97	248,130	59.17
Exercisable at the end of the year	73,401	68.86	122,576	61.32

The options outstanding as at 31 March 2015 had an exercise price of Rs.61.97 and the weighted average remaining contractual life of 9.60 years.

Notes on Consolidated financial statements (contd...)

Centum employee stock option plan 2013

The Centum ESOP -2013 was approved by the board of directors of the Company in May 2013 and by the shareholders in August 2013. The 2013 plan provides for the issue of 250,000 shares to the employees. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2015 and the related weighted average exercise price of stock options under the Centum ESOP plan 2013 is presented below.

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	250,000	71.25	-	-
Granted during the year	-	-	250,000	71.25
Exercised during the year	28,680	71.25	-	-
Forfeited / lapsed during the year	-	-	-	-
Options outstanding at the end of the year	221,320	71.25	250,000	71.25
Exercisable at the end of the year	33,807	71.25	-	-

The options outstanding as at 31 March 2015 had an exercise price of Rs 71.25 and the weighted average remaining contractual life of 11.35 years.

The Company applies the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan. The Company has therefore adopted the pro forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India with effect from 1 April 2005.

Had the compensation been determined using the fair value approach described in the aforesaid Guidance Note, the Company's net profit and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

Particulars	(Amount in Rs.)	
	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Profit / (loss) for the year	433,466,138	346,723,757
Add: Stock based compensation expense determined under the intrinsic value method	-	-
Less: Stock based compensation expense determines under the fair value method	7,332,670	4,190,889
Adjusted net profit	426,133,468	342,532,868
Basic earnings per share as reported	34.70	28.01
Pro forma basic earnings per share	34.11	27.68
Diluted earnings per share as reported	33.87	27.52
Pro forma diluted earnings per share	33.30	27.19

The fair value of each option under both plan is estimated by management on the date of grant using the Black - Scholes model with the following assumptions

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7-8.6%	5.7-9.1%
Volatility	99.49%	63.43%

30. The Group's foreign currency exposure on account of foreign currency denominated payables not hedged as on 31 March 2015.

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	21,462,800	1,340,158,681	13,864,381	832,475,780
EUR	2,328,249	157,664,150	2,151,826	177,574,544
GBP	10,519	973,304	55,756	5,562,883
JPY	893,346	466,054	5,189,750	3,131,496
CHF	-	-	1,687	116,704
NZD	4,008	192,705	-	-
SEK	198,441	1,412,902	734,686	6,964,821
		1,500,867,796		1,025,826,228

31. The Group's foreign currency exposure on account of foreign currency denominated receivables not hedged as on 31 March 2015:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	12,762,915	795,225,338	15,231,445	912,404,954
EUR	449,958	30,400,186	857,358	70,606,389
GBP	42,690	3,943,159	24,243	2,414,409
JPY	-	-	8,287,500	4,746,245
		829,568,683		990,171,997

32 Leases

The Group has taken office facilities and computer equipment under cancelable operating lease agreement. The Company intends to renew the agreement in the normal course of its business. Total lease rentals recognized in the profit and loss for the year in respect of the aforementioned lease is Rs. 19,891,332 (previous year: Rs.21,222,187).

The Group has taken factory premises under non-cancellable operating lease. The Company intends to renew such leases in the normal course of business. Total lease rentals recognized in the profit and loss account for the year ended 31 March 2015 with respect to the aforementioned lease is Rs.7,216,000 (previous year: Rs 5,296,000).

Notes on Consolidated financial statements (contd...)

The total future minimum lease payments under non-cancellable operating lease as at 31 March 2014 are :
(Amount in Rs.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Not later than one year	2,706,890	5,820,000
Later than one year and not later than five years	260,469	2,000,000
	2,967,359	7,820,000

The Group has taken computers under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2015 is:

	As at 31 March 2015			As at 31 March 2014		
Period	Minimum lease payments	Future interest	Present value of minimum lease payments	Minimum lease payments	Future interest	Present value of minimum lease payments
Not later than one year	-	-	-	22,208	962	21,246
Later than one year and not later than five years	-	-	-	-	-	-
Total	-	-	-	22,208	962	21,246

32. Segment Information

The Company operates through two divisions, products business comprising of Modules & Components (Products segment) and Electronic Manufacturing Services (Services segment), which are considered to be the primary segments and geographical as the secondary segment.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identified to that segment, while other items, wherever allocable, are apportioned to the segments on 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 practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.

(Amount in Rs.)

Primary segment information	For the year ended 31 March 2015	For the year ended 31 March 2014
Segment revenue		
Products	2,213,922,187	1,934,374,652
Services	2,666,047,987	2,317,443,979
Unallocable	-	-
	4,879,970,174	4,251,818,631
Segment result		
Products	554,078,238	407,857,732
Services	311,812,201	209,130,685
	865,890,439	616,988,417

Income taxes		
- Current year	301,700,000	175,480,370
- Previous year	(5,430,452)	-
- Deferred	(26,872,983)	(382,294)
Profit / (loss) after taxation	596,493,874	441,890,341
Segment assets		
Products	1,847,112,894	1,372,979,678
Services	2,082,322,978	1,225,056,291
Unallocable	337,830,943	354,330,482
	4,267,266,814	2,952,366,451
Segment liabilities		
Products	812,999,206	496,442,700
Services	1,407,210,446	801,386,711
Unallocable	4,290,785	79,805,128
	2,224,500,437	1,377,634,539
Capital expenditure [including capital work in progress]		
Products	133,543,786	126,789,835
Services	21,896,051	26,542,803
Unallocable	7,367,664	118,719,274
	162,807,501	272,051,912
Depreciation		
Products	114,476,396	105,151,701
Services	45,311,003	46,862,706
Unallocable	7,151,207	4,824,995
	166,938,606	156,839,402
Secondary segment disclosures:	(Amount in Rs.)	
Geographic segment	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenues		
India	817,752,676	740,770,237
Europe	2,416,867,902	1,934,440,124
USA	760,204,718	856,684,302
Rest of the world	885,144,878	719,923,968
	4,879,970,174	4,251,818,631
Segment assets		
India	3,459,820,023	2,083,764,798
Europe	456,196,122	392,339,381
USA	122,792,138	276,923,446
Rest of the world	228,458,530	199,338,826
	4,267,266,814	2,952,366,451

33 Related party disclosures

A. Parties where control exists:

Apparao V Mallavarapu (directly and indirectly exercises 60.28% voting power in the Company)

Notes on Consolidated financial statements (contd...)

B. Other related parties where transactions have taken place during the year:*Parties under common control*

Centum Industries private limited
 Rakon (Mauritius) Limited
 Rakon France SAS
 Rakon UK Limited
 Rakon Limited

C. Key executive management personnel represented on the Board:

Apparao V Mallavarapu - Chairman and Managing Director

Parties under common control

Rakon France SAS
 Rakon UK Limited

D. Key management personnel:

Apparao V Mallavarapu - Chairman and Managing Director
 S Krishnan (Director)
 Rajiv C Mody (Director)
 Pranav Patel (Director)
 Manoj Nagrath (Director)
 Swarnalatha Mallavarapu (Additional Director) (Appointed with effect from 26 March 2015)
 Dr. P Rama Rao (Director) (Resigned with effect from 1 August 2014)
 K S Desikan (Chief Financial Officer)
 Ramu Akkili (Company Secretary)
 Brent John Robinson (Director)
 Darren Robinson (Director) (Resigned with effect from 18 July 2014)
 Bryan William Mogridge (Additional Director, appointed with effect from 18 July 2014)

D. The following is a summary of transactions with related parties by the Company:

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of goods and services		
<i>Associate companies</i>		
Centum Industries Private Limited	69,000	389,400
Rakon France SAS	1,730,478,138	1,317,601,743
Rakon UK Limited	3,856,421	27,929,304
Rakon Limited	11,838,828	2,303,925
Purchase of goods and services		
<i>Associate companies</i>		
Rakon France SAS	90,519,808	312,726,501
Rakon UK Limited	4,867,864	5,592,885
Rakon Limited	296,248	801,220
Centum Industries Private Limited	27,458,093	21,047,479

D. The following is a summary of transactions with related parties by the Company:

(Amount in Rs.)		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Reimbursement of expenses		
<i>Parties under common control</i>		
Rakon France SAS	5,249,477	6,135,995
Centum Industries Private Limited	-	26,470
<i>Parties having significant influence</i>		
Rakon Limited	1,066,780	857,646
Purchase of fixed assets		
<i>Associate companies</i>		
Rakon France SAS	5,069,607	4,629,656
Rakon Limited	13,803,141	21,497,807
Managerial remuneration		
<i>Key management personnel</i>		
Managerial remuneration	22,478,235	20,412,000

E. The balances receivable from and payable to related parties are as follows:

(Amount in Rs.)		
Particulars	As at 31 March 2015	As at 31 March 2014
Trade receivables		
<i>Associate companies</i>		
Rakon France SAS	181,686,901	217,766,661
Rakon UK Limited	-	7,768,480
Rakon Limited	3,863,578	289,421
Centum Industries Private Limited	622,149	41,252
Trade payables		
<i>Associate companies</i>		
Rakon France SAS	13,216,498	57,113,708
Rakon UK Limited	133,312	1,183,400
Rakon Limited	236,658	11,075,688
Centum Industries Private Limited	2,313,400	1,877,059
Other current liabilities		
<i>Parties under common control</i>		
Rakon France SAS	26,018,897	34,951,478
Managerial Remuneration payable		
<i>Key management personnel</i>		
Key management personnel	13,046,235	11,330,836

Notes on Consolidated financial statements (contd...)

35. Based on a demand notice dated 12 February 2010 received from District Registrar, Stamps and Registration Department, Karnataka, the Company has estimated and provided Rs 11,174,165 towards additional stamp duty liability against a claim of Rs 16,281,302 in the aforementioned demand notice, payable pursuant to the demerger of EMS business from Centum Electronics Limited (formerly known as Soletron Centum Electronics Limited) on 1 October 2006, as per the Scheme of Arrangement approved by the Honourable High Court of Karnataka effective 13 July 2007. The differential amount of Rs 5,107,137 has been disclosed as a contingent liability [refer note 24].

The Company has also provided Rs 8,411,723 towards stamp duty payable pursuant to the merger of Soletron EMS India Limited with the Company.

(Amount in Rs.)		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening balance	19,585,888	18,553,413
Add: Provision made during the year	-	1,032,475
	19,585,888	19,585,888

36. Minority interest in the consolidated financial statement of the company as at 31 March 2015 includes final dividend of Rs 20 per share for each equity shares of Rs 10 each aggregating to Rs 54.88 million (previous year Rs 54.88 million) proposed by the board of directors of the subsidiary company, Centum Rakon India Private limited. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting of the subsidiary company.

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 27 May, 2015

for **Centum Electronics Limited**

Apparao V. Mallavarapu
Chairman & Managing Director

K.S. Desikan
Chief Financial Officer

S. Krishnan
Director

Ramu Akkili
Company Secretary

Consolidated Cash Flow Statement

	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
Cash flow from operating activities		
Profit before tax	865,890,438	616,988,417
Adjustments		
Unrealised foreign exchange (gain)/loss	(3,279,482)	34,364,197
Bad debts written off	-	725,203
Profit on sale of fixed assets	-	(204,858)
Depreciation and amortisation	166,938,528	156,839,402
Interest expenses	31,551,473	58,968,125
Interest income	(14,569,269)	(2,975,450)
Operating cash flows before working capital changes	1,046,531,688	864,705,036
Change in liabilities and provisions	570,458,965	95,798,243
Change in inventories	(746,546,942)	(116,365,180)
Change in trade receivables	(90,579,992)	45,937,095
Change in loans and advances	(81,077,609)	(46,096,360)
Change in other bank balances	(140,323,821)	(10,381,321)
Cash generated from operations	558,462,289	833,597,512
Income tax paid, net	(272,605,058)	(194,845,344)
Net cash generated from operating activities	285,857,231	638,752,167
Cash flow from investing activities		
Proceeds from sale of fixed assets	-	204,858
Interest received	15,835,431	1,714,831
Purchase of fixed assets	(195,814,030)	(284,630,142)
Net cash used in investing activities	(179,978,599)	(282,710,453)
Cash flow from financing activities		
Proceeds from short term borrowings from bank	351,396,995	-
Repayment of long term borrowings	(1,686,245)	(124,786,718)
Proceeds from issue of share capital	8,500,950	2,807,225
Interest paid	(31,530,678)	(59,645,049)
Dividend paid	(108,098,182)	(85,995,904)
Net cash provided by/(used in) financing activities	218,582,839	(267,620,446)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,105,633)	(192,433)
Net increase in cash and cash equivalents	324,461,475	88,421,269
Cash and cash equivalents at the beginning of the year	127,745,663	39,516,826
Cash and cash equivalents at the end of the year (refer note 15)	451,101,505	127,745,663

This is the Cash Flow statement referred to in our report attached

As Per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No. 060573

Place : Bangalore

Date : 27 May, 2015

for Centum Electronics Limited

Apparao V. Mallavarapu

Chairman & Managing Director

K.S. Desikan

Chief Financial Officer

S. Krishnan

Director

Ramu Akkili

Company Secretary

Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Township, Bangalore- 560 106.
CIN - L85110KA1993PLC013869

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):			
Registered address:			
E- Mail Id:			
Folio No/ Client Id:		DP ID	

I/ We, being the member (s) ofShares of Centum Electronics Limited, hereby appoint:

1.	NAME		
	Address		
	E- Mail Id	Signature	
	or failing him		
2.	NAME		
	Address		
	E- Mail Id	Signature	
	or failing him		
3.	NAME		
	Address		
	E- Mail Id	Signature	

as my/ our proxy to attend and vote (on a poll) for me/us and our behalf at the 22nd Annual General Meeting of the Company, to be held on Friday, the 7th August, 2015 at 11.30 A.M. at No. 44, KHB Industrial Area, Yelahanka New Township, Bangalore- 560106 and on adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended 31st March, 2015.		
2	Confirmation of the payment of Interim Dividend and declaration of Final Dividend for the financial year 2014-15.		
3	Re-appointment of Auditors and fixing their remuneration.		
SPECIAL BUSINESS			
4	Appointment of Mr. Manoj Nagrath as an Independent Director		
5	Appointment of Mr. Rajiv C Mody as an Independent Director		
6	Appointment of Dr. Swarnalatha Mallavarapu as an Director		
7	Re-appointment of Mr. Apparao V Mallavarapu as Chairman and Director Managing		

Signed thisDay of 2015.

Signature of shareholder : _____

Signature of Proxy holder (s) : _____

Affix a
15 paise
Revenue
Stamp

- Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to put a 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of member (s) in above before submission.

Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Township, Bangalore- 560 106

CIN - L85110KA1993PLC013869

ATTENDANCE SLIP

Twenty Second Annual General Meeting Friday, 7 August 2015 at 11.30 a.m.



Name of Member (IN BLOCK LETTERS)

Name of Proxy (IN BLOCK LETTERS)

(Name of the Proxy to be filled in if the proxy attends instead of the Member)

No. of shares held

I /We hereby record my/our presence at the Twenty Second Annual General Meeting of the Company held at No. 44, KHB Industrial Area, Yelahanka New Township, Bangalore- 560 106.

Member's/Proxy's Signature

Note:

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
2. Transportation facilities will be provided to the shareholders for attending the AGM as per details given below:
Pick up at 10.15 a.m. Near Shantala Silks in Majestic, Koshy's Hotel at St.Marks Road, Druvadesh Honda in Mekhri Circle.



Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Township, Bangalore- 560 106.
CIN - L85110KA1993PLC013869

BALLOT FORM (MGT-12)

[pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(C) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):			
Registered address:			
E- Mail Id:			
Folio No/ Client Id:		DP ID	

I/ We, being the member (s) ofShares of Centum Electronics Limited, hereby exercise my/our vote in respect of Ordinary/Special Resolution enumerated below by recording any assent/dissent to the said resolution given below:

Sl. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended 31st March, 2015.		
2	Confirmation of the payment of Interim Dividend and declaration of Final Dividend for the financial year 2014-15.		
3	Re-appointment of Auditors and fixing their remuneration.		
SPECIAL BUSINESS			
4	Appointment of Mr. Manoj Nagrath as an Independent Director		
5	Appointment of Mr. Rajiv C Mody as an Independent Director		
6	Appointment of Dr. Swarnalatha Mallavarapu as an Director		
7	Re-appointment of Mr. Apparao V Mallavarapu as Chairman and Director Managing		

Signed thisDay of 2015.

Signature of shareholder : _____

NOTES

[illegible]

[illegible]



TEAM WORK | TECHNOLOGY | TRUST

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