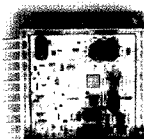


Annual Report 2008 - 09

CENTUM ELECTRONICS LIMITED



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Teamwork • Technology • Trust

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 of every employee, supplier and customer.

We shall develop, maintain and continuously improve the documented systems and enhance quality of all our products, processes and services and promote customer trust and satisfaction.

Centum Electronics Limited
(formerly Solecron Centum Electronics Limited)

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Centum Electronics Limited

Board of Directors

Apparao V Mallavarapu, *Managing Director*

Som Mittal, *Director*

S. Krishnan, *Director*

Dr. P. Rama Rao, *Director*

Chief Financial Officer (CFO)

K S Desikan

Company Secretary

Ellroy Furtado

Statutory Auditors

BSR & Co.

Internal Auditors

Ernst & Young Pvt. Ltd.

Bankers

State Bank of India - SSI Branch
Kumara Park, Bangalore

Share Transfer Agents

M/s Karvy Computershare Private Limited,
No. 17-24, Vittal Rao Nagar,
Madhapur
Hyderabad - 500 081.

Registered office

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

Centum Electronics Limited*(formerly Solecron Centum Electronics Limited)***Notice of the 16th Annual General Meeting**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Centum Electronics Limited will be held at No. 4, 12th KM, Bellary Road, Opp. Government Flying School, Jakkur, Bangalore 560064 on Thursday, July 30, 2009 at 11.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended 31st March 2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2008-09
3. To appoint a Director in place of Mr. Som Mittal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. BSR & Co., 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

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

5. "RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the Central Government, consent of the members be and is hereby accorded to the re-appointment of Mr. Apparao V Mallavarapu as Managing Director of the Company for a period of 5 years with effect from 1st August 2009 upon the terms and conditions including remuneration as set out in the agreement entered into by the Company and Mr. Apparao V Mallavarapu and as set out in the explanatory statement annexed hereto and forming part of this notice."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to fix and vary the remuneration and perquisite including the monetary value thereof as specified in the agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with the provisions under the Companies Act, for the time being in force and any Statutory modifications or re-enactment thereof, and / or any rules and regulations framed there under and with the approval of Central Government if required, the terms of the aforesaid agreement between the Company and Mr. Apparao V Mallavarapu shall be suitably modified to give effect to such variation or increase as the case may be."

6. "RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent be and is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the Centum ESOP 2007 Plan of the company

14A Surrender of Options

An employee may surrender his vested / unvested options at any time during his employment with the company. Any employee willing to surrender his options shall communicate the same to the Company. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be treated in the manner as provided under Clause 4 (c) of the Plan.”

7. “RESOLVED THAT, subject to approval by shareholders and pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered by inserting the following Article 14A after Article 14:

BUY BACK OF SHARES

14A. Subject to provisions of the Act and other applicable statutory regulation, the Company may purchase its own shares or other specified securities from time to time.”

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member of the company. Proxies in order to be effective must be deposited with the company not less than 48 hours before the meeting.
2. Register of members and Share Transfer books will remain closed from July 18, 2009 to July 30, 2009 (both days inclusive) for the purpose of AGM and ascertaining the members eligible to receive the recommended dividend
3. Members are requested to inform any change in their address to the Company or to the Company’s Registrar and Share Transfer Agents (RTA) M/s Karvy Computershare Private Limited giving the relevant details.
4. Nomination facility: Consequent to the introduction of Section 109A of the Companies Act, 1956 and as has been brought 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.
5. 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 (2008-09).
 - 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.

Centum Electronics Limited*(formerly Soletron Centum Electronics Limited)***Notice of the 16th Annual General Meeting (contd...)**

Explanatory Statement under Section 173 (2) of the Companies Act, 1956**Item No. 5:**

The Shareholders in the Annual General meeting held on 21st September 2004 had approved the appointment of Mr. Apparao V Mallavarapu as Managing Director for a period of 5 years with effect from 1st August 2004 to 31st July 2009 on the terms and conditions including remuneration and minimum remuneration as set out in the agreement dated 4th June 2009 entered into by the Company and Mr. Apparao V Mallavarapu.

As the tenure of contract of Mr. Apparao V Mallavarapu as Managing Director of the Company ends on 31st July 2009, the Board of Directors at their meeting held on 4th June 2009 approved the re-appointment of Mr. Apparao V Mallavarapu as Managing Director for a period of five years with effect from 1st August 2009.

The Board also considered that in view of the volume of business of the Company it is desirable to compensate the Managing Director in accordance with the Industry standards and approved the agreement setting out the terms and conditions including the remuneration payable to Mr. Apparao V Mallavarapu.

The proposed remuneration exceeds the limits prescribed under section 198(4), 309(3) and Schedule XIII as amended and is subject to the approval of members in the General Meeting and of the Central Government. The Company will be making an application to Central Government for obtaining approval for the appointment and payment of remuneration to the Managing Director

The remuneration committee of the Board has approved the remuneration payable to Mr. Apparao V Mallavarapu, Managing Director for a period of 5 years with effect from 1st August 2009 to 31st July 2014 on the following terms and conditions :

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 be 5% of the Net Profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

OTHER TERMS AND CONDITIONS

- The Managing Director must use his best endeavour to promote the interest of the Company. The Managing Director shall however be entitled to hold directorship of any other company.

2. The Managing Director shall perform his duties and exercise such powers subject to the supervision and control of the Board.
3. The 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.

The terms and conditions concerning the remuneration of Mr. Apparao V Mallavarapu, Managing Director in the accompanying notice may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

The other disclosures as required are furnished as under :

I. GENERAL INFORMATION:

- 1 Nature of industry : Manufacturing
- 2 Date or expected date of commencement of commercial production : September 1994
- 3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Existing Company
- 4 Financial performance based on given indicators :

Year ended March 31	2009 Rs.In lacs	2008 Rs.In lacs
Turnover	2290.82	5198.56
Profit before Depreciation and Interest	327.17	1500.90
Depreciation	193.29	302.54
Interest	77.16	103.43
Profit before tax	56.72	1094.93
Provision for tax	19.77	427.80
Profit after tax	36.94	667.13
Net Cash from Operations	220.14	1972.88
- 5 Export performance and net foreign exchange collaborations :

	Year ended 31 March 2009 (Rs in lacs)
Export of goods on F.O.B. basis	105.27
- 6 Foreign investments or collaborators, if any : NIL

Centum Electronics Limited*(formerly Solelectron Centum Electronics Limited)***Notice of the 16th Annual General Meeting (contd...)**

II. INFORMATION ABOUT THE APPOINTEE:

- 1 Background details : Mr. Apparao V Mallavarapu promoted the Company in 1993 to manufacture Hybrid Micro Circuits. In 1997, he was instrumental in bringing the strategic alliance with C-Mac Industries of Canada. In 1999, he played the lead role in C-Mac Industries moving part of the Frequency Control Products (FCP) manufacturing to Centum. During the dot com / technology bust, when many companies folded and most of them incurred heavy losses, he quickly devised strategies to ensure the company stayed profitable even during the bad years.

Centum under his leadership has grown to be the largest Hybrid Micro Circuits and Frequency control products company in the country and also the largest exporter of these products.

In 2004, the Company entered into a collaboration with Solelectron Corporation to commence the Electronic Manufacturing Services (EMS) operations which has grown over the years.

Earlier to promoting Centum, he was General Manager with Rao Insulating Company (RIC) for a decade.

Mr. Apparao received his Masters of Engineering from Daltech University, Canada. He is a recipient of the Ford foundation scholarship and Engineering research Scholarship in Canada.
- 2 Past remuneration : The remuneration including perquisites paid to Mr. Apparao V Mallavarapu for the year 2008-09 is Rs. 7,86,000/- per month which exceeds the limits prescribed under Schedule XIII.
- 3 Recognition or awards : Under his leadership the Company received many Awards from Trade Bodies, Government and Customers
- 4 Job profile and his suitability : Mr. Apparao V Mallavarapu is responsible for overall Management of the Company and is best suited for the position in the current scenario.
- 5 Remuneration proposed :

Particulars	Amount in Rs.(per month)
Basic	300,000
Allowances	447,800
Perquisites	2,200
Contribution to PF	36,000
Grand Total	786,000
- 6 Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : The proposed remuneration is in line with the Industry standards.
- 7 Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any : None

III. OTHER INFORMATION:

- | | | | |
|---|--|---|----------------|
| 1 | Reasons of loss or inadequate profits | : | Not applicable |
| 2 | Steps taken or proposed to be taken for improvement | : | Not applicable |
| 3 | Increase in productivity and profits in measurable terms | : | Not applicable |

Your directors recommend the resolution as set out at item No. 5 of the notice for your approval. None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. Apparao V Mallavarapu himself.

ITEM NO. 6:

The Centum ESOP 2007 Plan does not contain a clause to provide for the surrender of options.

SEBI ESOP Guidelines provide that any variation of the ESOP Plan should not be detrimental to the interests of the option holders and shall be approved by the shareholders by Special resolution.

The surrender of options, if included in the ESOP Plan is not detrimental to the interest of the option holders.

Your directors recommend the resolution as set out at item No. 6 of the notice for your approval. None of the Directors of the Company are in any way deemed to be concerned or interested in the aforesaid resolution.

ITEM NO. 7:

The Articles of Association of the Company currently does not authorise the buyback of shares and other specified securities.

It is proposed to amend the Articles of Association by incorporating a new clause 14A after the existing Clause 14. Pursuant to Section 31 of the Companies Act, 1956, the amendment of Articles of Association shall be approved by shareholders by special resolution,

Your directors recommend the resolution as set out at item No. 6 of the notice for your approval. None of the Directors of the Company are in any way deemed to be concerned or interested in the aforesaid resolution.

By the order of the Board
for Centum Electronics Limited

Place: Bangalore
Date: 4 June 2009

Apparao V Mallavarapu
Managing Director

Brief details of director proposed to be appointed / re-appointed at the Annual General Meeting

Mr. Som Mittal is willing to act as a Director of the company, if so re-appointed as a director of the company.

Mr. Som Mittal is President of NASSCOM, the premier trade body and the "Chamber of Commerce" for the IT - BPO industry in India. In this role, he is responsible for representing the Indian IT - BPO software and services industry to multiple stakeholders. His key responsibility areas include enhancing India's leadership position in the global offshore IT-BPO and work towards further growing the market by enabling industry to tap into emerging opportunity areas and to strengthen the domestic market in India.

Mr. Som Mittal assumed office of the President, NASSCOM in January 2008. He has a rich and wide ranging work experience of over 30 years in corporate India, he has been a part of the Indian IT industry for the past 18 years. Before joining NASSCOM, he was heading the Services business for Hewlett Packard in Asia Pacific and Japan. In addition to chairing NASSCOM in 2003-04, and being part of the NASSCOM Executive Council for several years, Som Mittal has been closely associated with other industry bodies like MAIT and CII. He has played an active role in the formulation and implementation of Karnataka's IT policy. He has been on the CII National Council for several years and part of the Chief Ministers IT Task Force in Karnataka. He is also the Founding member of the IIIT, Bangalore and the Board of IT Education Standards.

Mr. Som Mittal holds a B.Tech from IIT, Kanpur and an MBA from Indian Institute of Management (IIM), Ahmedabad. Additionally, he has attended executive programs at Harvard and IMD.

Mr. Som Mittal does not hold any shares of the company.