

Teamwork • Technology • Trust



CENTUM ELECTRONICS LIMITED

Annual Report 2011 - 12

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.

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Centum Electronics Limited

Board of Directors

Apparao V Mallavarapu, *Chairman & Managing Director*

S. Krishnan, *Director*

Dr. P. Rama Rao, *Director*

Manoj Nagrath, *Director*

Rajiv C Mody, *Director*

Manny Marimuthu, *Director*

Chief Financial Officer (CFO)

K S Desikan

Company Secretary

Ramu Akkili

Statutory Auditors

BSR & Co.

Internal Auditors

Ernst & Young Pvt. Ltd.

Bankers

State Bank of India - Specialised Mid-Corporate Branch

Kumarapark West, Bangalore

Citibank N.A.

M.G. Road, 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.

Notice of the 19th Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Centum Electronics Limited will be held at the registered office of the Company at #44, KHB Industrial Area, Yelahanka New Town, Bangalore - 560106 on Friday, August 3, 2012 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 2012 and Profit and Loss Account for the year ended 31st March 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2011-12
3. To appoint a Director in place of Mr. Manoj Nagrath 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.

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 30, 2012 to August 3, 2012 (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 Agent's (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 (2011-12).
 - 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.

Place: Bangalore
Date: 25 May, 2012

By the order of the Board
for Centum Electronics Limited
Apparao V Mallavarapu
Chairman & Managing Director

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

Mr. Manoj Nagrath is willing to act as a Director of the company, if so appointed and has consented for being appointed as a director of the company.

Mr. Manoj Nagrath is the Managing Partner of the firm S.P.Nagrath & Co., Chartered Accountants having its offices in New Delhi and Bangalore, and was enrolled as a member of the Institute of Chartered Accountants of India in 1983.

He has an experience of 29 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.

Your Directors feel that the appointment of Mr. Manoj Nagrath would be in the best interest of the company and accordingly recommend the passing of the resolution proposed at Item No.3 of the Notice.

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

No Director other than Mr. Manoj Nagrath is in any way concerned or interested in the said resolution.

Directors' Report

Your Directors have pleasure in presenting their Nineteenth Annual Report on the business and Operations of your Company and the audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

	Rs.Millions	
Year ended March 31	2012	2011
Revenue	1826.00	1892.46
Profit before Depreciation and Interest	183.26	171.16
Depreciation	74.66	74.04
Interest	31.81	31.45
Profit before tax	76.79	65.67
Proposed Dividend including distribution tax	14.37	14.40

PERFORMANCE

During the current year of operations, your company has registered revenue of Rs. 1826.00 million and posted Profit before Taxes of Rs. 76.79 million.

During the year, your company received recognition for In-house R & D from the Department of Scientific and Industrial Research, Government of India. Also your company's subsidiary, Centum Rakon India Pvt Ltd received the same recognition for In-house R & D in the month of April 2012 from the above said authority.

SUBSIDIARY

During the Fourth full year of operations, Centum Rakon India Private Limited has registered revenue of Rs. 841.88 million and posted Profit before Taxes of Rs. 56.34 million.

DIVIDEND

A dividend of Re.1 per share on the paid up share capital of the company is recommended. The dividend payout is Rs. 12.37 million and the tax on dividend for the year is Rs. 2.00 million.

CONSOLIDATED FINANCIAL RESULTS

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 form part of the Annual Report.

FINANCIALS OF SUBSIDIARY COMPANY

The Board of Directors of your company, pursuant to Circular No: 51/12/2007-CL-III dt. February 8, 2011 issued by Ministry of Corporate Affairs, has opted by passing a resolution at its meeting held on 25 May 2012, for not attaching the balance sheet and other documents of the subsidiary, Centum Rakon India Private Limited.

However, the said documents shall be made available to shareholders of the Company and the subsidiary company seeking such information at any point of time. The annual accounts of the subsidiary company shall also be kept for inspection by any shareholders at the registered office of the Company at #44, KHB Industrial Area, Yelahanka New Town, Bangalore -560106. The Company shall furnish a hard copy of details of accounts of subsidiary to any shareholder on demand.

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.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars

of Employees) Rules, 1975, the names and other particulars of the employees are to be annexed to this Report. However, pursuant to Section 219(1)(b)(iv) of the said Act, the Report and Accounts excluding the said information, are being sent to all the member of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the company.

EMPLOYEE STOCK OPTION PLAN

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

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 included in this report.

DIRECTORS

There were no changes in the composition of the Board of Directors.

In terms of the provisions of Section 256 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Manoj Nagrath, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The particulars relating to Mr. Manoj Nagrath are mentioned in the Report of Corporate Governance. Your Directors recommend for re-appointment of Mr. Manoj Nagrath.

None of the Directors of the company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

The required resolutions for re-appointment of the aforesaid director have been included in the notice convening the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of Companies (Amendment) Act, 2000, the Directors confirm that:

- i. in the preparation of annual accounts for the year ended 31st March 2012 all the applicable Accounting Standards had been followed along with the proper explanations relating to material departures, if any;
- ii. accounting policies were adopted and applied consistently and made judgements 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 31st March 2012 and of the profit of the Company for year ended on that date;
- iii. proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors had prepared the annual accounts on a going concern basis.

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.

AUDITORS

M/s BSR & Co., Chartered Accountants, Statutory Auditors of the company will retire at the forthcoming annual general meeting and they are eligible for re-appointment. Your Directors recommend the re-appointment of the above Statutory Auditors and resolution in this regard forms part of the agenda for the ensuing Annual General Meeting, requiring approval of the shareholders. The retiring auditors have furnished a certificate of their eligibility for reappointment under Sec 224 (1B) of the Companies Act, 1956 and have indicated their willingness to continue.

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 annexed to this report.

Directors' Report (contd...)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars prescribed under subsection (1) (e) of Section 217 of the Companies Act, 1956 read with the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the annexure included in this report.

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.

for and on behalf of the Board

Place: Bangalore
Date: May 25, 2012

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

ANNEXURES TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO THE SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

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 all the AHU'S cooling coil was carried out and improved the efficiency of Centralized AC system.
- Improved the average power factor from 0.98 to 0.99 and reduced the power cost.
- Inter lock done between Exhaust blower and furnace, reduced the power consumption.
- N2 consumption reduced by minimizing losses while unloading of liquid N2 to our tank & using single storage tank instead of storing in Two separate tanks.

2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Technology Absorption:

- Centum developed and qualified new processes for MIL and space applications in Micro-electronics and Power areas. These processes play a dominant role in packaging and miniaturizing the high reliability hardware.
- State of the art Automatic Optical Inspection capability developed in house.

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