

**Building the Future,
Powering Transformation**

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Forward-Looking Statements

Certain statements in this Report, including statements relating to Centum's expectations regarding the future business, development and economic performance, that are subject to risks, uncertainties and other factors. Without limitation, among the factors that could cause actual results to differ materially from those indicated by such forward-looking statements such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) technical developments; (6) litigations; (7) adverse publicity and news coverage, etc. All forward-looking statements reflect Centum's expectations only as of the date of this Report and should not be relied upon as reflecting Centum's views, expectations or beliefs at any date subsequent to the date of this release. Centum disclaims any obligation to update the information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

We are Centum Electronics Limited

Centum was founded in 1994 in Bangalore, India. Since then, the Company has rapidly grown into a diversified electronics Company with operations in North America, EMEA and Asia.



The Company offers a broad range of products and services across different industry segments. It has continuously invested in strengthening its design & product development capabilities while developing deep domain knowledge in the segments it operates in. Centum has also established truly world-class manufacturing facilities with cutting edge infrastructure as well as a global supply chain capable of delivering products with high quality and reliability.

A key contributor to Centum Group's growth has been the strong relationships forged with international customers and partners. This customer-focused approach coupled with Centum's culture hinged on the core-values of Technology-Teamwork-Trust has resulted in a

track-record of high quality products & services and excellent execution ability.

Centum currently has a team of 1800 employees including 650 design engineers. With a 30 years of domain expertise in Electronics Design and Manufacturing Solutions Centum has provided its customers with Hi-Tech and Hi-reliability products with flexible engagement models and in the process developed a strong relationship with all the marquee global clients.

Our goal is to provide a comprehensive, competitive and innovative set of solutions and give customers the flexibility to choose what is best suited to their needs.



Our Vision

To create value by contributing to the success of our customers, by being their innovation partner for design & manufacturing solutions in high technology areas.

Major Events

during Financial Year 2022-23



A moment of great pride and joy for every Centumite, as Mr. Apparao Mallavarapu - CMD, Centum Electronics and Honorary Consul of Brazil in Bangalore, was awarded the honorific 'Order of Rio Branco' by the Brazilian Government for his exemplary work to bring Brazil and India together.

The award was conferred by the Ambassador of Brazil to India.



Centum Electronics Limited won Silver Award consecutively for third year in SEEM Energy Awards 2021 conducted on 16th Sep'2022 under engineering category, in recognition for its commitment towards Sustainability manufacturing and carbon footprint reduction.

Centum as a high technology manufacturing organization always gives priority and is committed to energy conservation, effective energy monitoring and review mechanism, training of employees with periodic energy audits and predictive maintenance strategy, achieves energy excellence through innovative practices.

Centum utilizes 90% renewable energy for its manufacturing as a part of carbon reduction strategy to comply with India's climate pledges to reduce Emissions Intensity of its GDP by 45 per cent by 2030.



Moment of great pride and joy for Centum for receiving the "Deliver Innovation Solutions" award from DANA on 10th Aug'22 for successful design and development of MK2 Program.

Major Events

during Financial Year 2022-23



Centum team had the privilege to host Canada High Commissioner, Consul General, Counsellor, Vice-Consul and Trade Commissioner and showcase our Devanahalli Facility and Infrastructure along with our Capabilities and Global Competencies.

This was followed by discussions with CMD - Mr. Apparao V Mallavarapu & the leadership team on opportunities to build on our strong presence in Canada.



Centum team had the privilege to host Consul General of Canada, Consul & Senior Trade Commissioner and Mr. Vittalnath Devalla from the Canada Consulate Delegation team and showcase our Devanahalli Facility and Infrastructure along with our Capabilities and Global Competencies.

This was followed by discussions with our CMD - Mr. Apparao Mallavarapu & the leadership team on opportunities to build on our strong presence in Canada.



Centum had the honor to host the Ambassador of Argentina, at Yelahanka facility.

He was happy to see the impressive facility, the capabilities and indigenization work going on in Centum. The discussions included interesting topics related to space.



Centum had the honor to host the Ambassador of Luxembourg at Devanahalli facility.



Centum had the privilege to host Hitachi Energy team and showcase the capabilities and competencies to collaborate.

Our Global Footprint



- Design Team
- Manufacturing
- Sales and support



Centum's Competitive Edge



25+ years of domain expertise in Electronics Design & Manufacturing Solutions



Global Operations with strong presence in India, Europe and North America



Concept to Commissioning capabilities



1,800 Employees
650 Designers



Flexible Engagement Models



Strong Supply Chain Network



Strong relationship with marquee global clients



Serving segments with Hi-Tech, High Entry Barriers



Single Source Supplier for ~80% of manufactured products

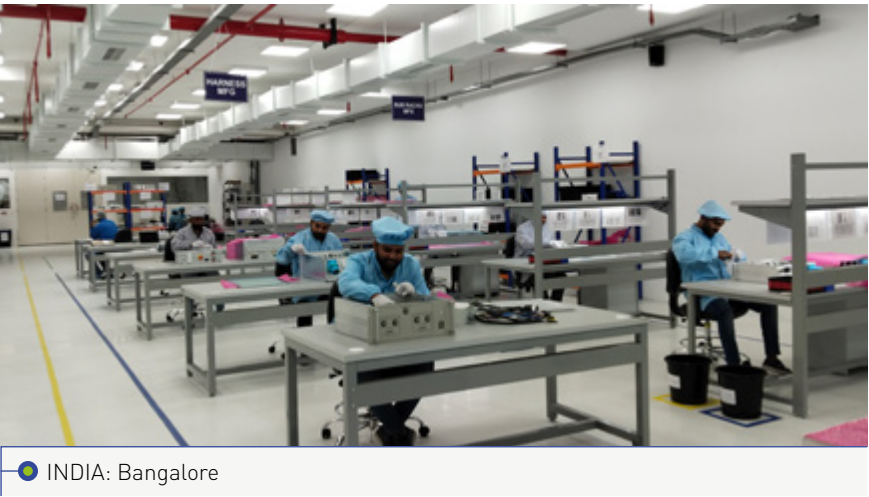


75% Revenues from Overseas Customers in Advanced Economies

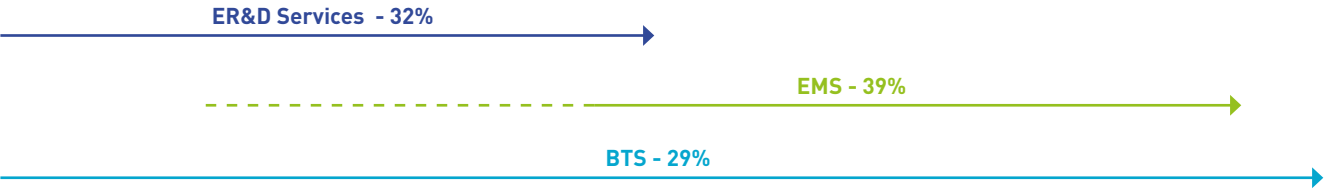
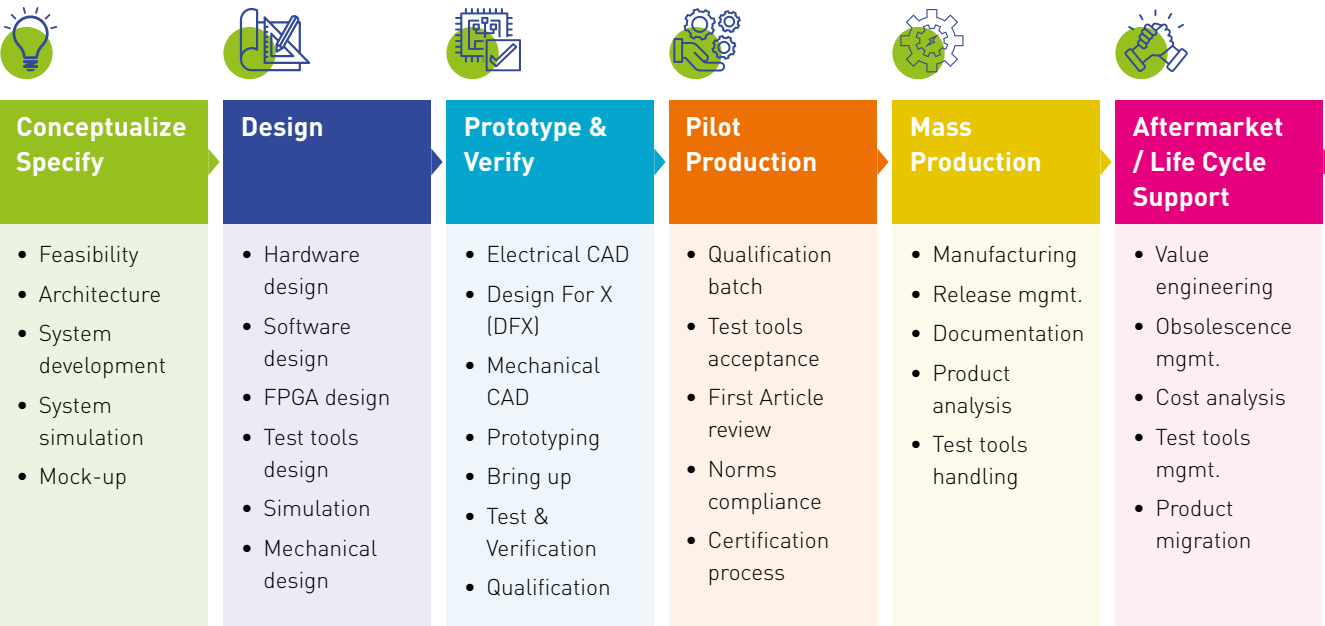


Strong Corporate Governance

Manufacturing Facilities



Our Services & Offering



	Defence	Space	Aerospace	Transportation	Automotive	Industry & Energy	Healthcare
ER&D							
EMS							
BTS							

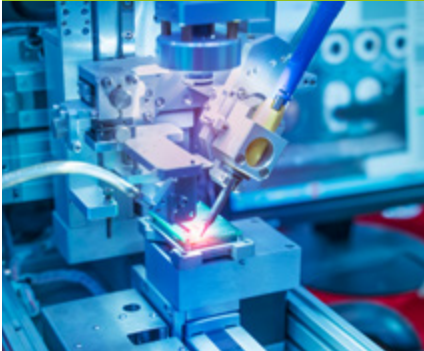
Engineering R&D Services (ER&D)

- Engineering Services involve conceptualizing, designing and certifying of Electronic Hardware, Embedded Software, FPGA, Analog, Radio Frequency products, Power Electronics, etc.
- Centum Group has a global design strength of over 650 design engineers and for the last 25 years, the company has been helping customers turn their ideas into products.
- Centum's engineers work together in multidisciplinary teams to realize customized products for mission-critical applications in high technology segments.
- The company's design centers are located in Europe, North America and India, which enable the company to work closely with international customers while bringing together the best talent from around the world to work on complex problems and provide a competitive solution by managing the optimal onshore/offshore mix for the projects.
- Centum also provides flexible engagement models depending on the specific project requirements. Customers can choose between Consulting Engagements and Fixed Price Contracts.



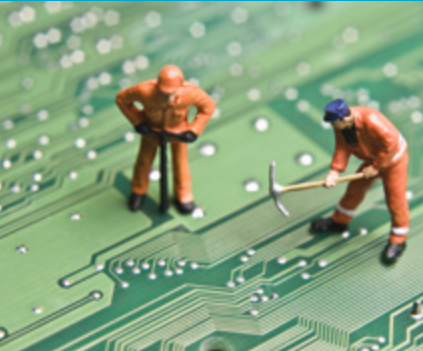
Electronic Manufacturing Services (EMS)

- The company's EMS Services include manufacturing solutions focused on a High reliability, High Complexity products in the high technology segment
- Centum offers a wide range of manufacturing solutions from Printed Circuit Board assemblies to Complex box builds, Line Replaceable Units (LRU) and full system integration.
- The company helps its customers realize challenging products by having customer-focused teams that leverage their streamlined processes and systems and adapt them to the specific requirements of the customer and product where necessary.
- By providing scalable manufacturing solutions and a flexible, proactive approach to managing the supply chain and lifecycle related challenges, Centum helps customers achieve their goals of lower Total Cost of Ownership and reduced time-to-market among others.



Build to Specification (BTS)

- The Built to Specification services include taking a project from conceptualization to mass production quickly and efficiently. Centum's unique positioning with a full range of integrated capabilities makes it the ideal product realization partner.
- Customers choose turn-key build to spec offering due to the convenience of a Single Point of contact for Design/Engineering, Industrialization and Manufacturing which reduces the need for multiple interfaces at each stage of the project and also fastens the products time-to-market and facilitating a Design-To-Cost approach and reducing the Total Cost of Ownership. This engagement model involves higher IP and value creation opportunities for both the customer and for Centum.
- The company is also able to better the product Lifecycle management by proactively and effectively managing issues such as obsolescence, performance upgrades, market-specific localization and cost reduction.



Industries We Cater

Defence



- Centum started its defence business in 2010 and it is today the largest industry vertical for the company. Over the years the company has been successful in developing and manufacturing critical systems for major Defence programs that span across the land, air and naval systems with applications in Missiles, Electronic Warfare, Radar, Military Communications, and fire control amongst many.
- For the past two decades, Centum has also been engaged in the development and manufacture of modules, subsystems for missiles, radars and military electronic warfare communication applications for DRDO laboratories, Ordnance Factories and other domestic defence PSUs, and over the past decade, Centum has become one of the select few Indian partners to international defence OEMs as well.

Aerospace



- The Aerospace industry has several ongoing technological initiatives to make aircrafts more fuel-efficient, environmentally friendly and safer, which involves incorporating more electronics on board, making avionics platforms more configurable, and of course factoring in environmental issues and reducing human error to improve safety.
- Alongside products for command & control, power electronics and energy storage applications, Centum is also developing activities in ground and flight testing -- using its own test benches and simulators.
- Centum plays a key role in the global aerospace supply chain delivering critical electronics for cockpit computers, Air Traffic Management and also works closely with OEMs to design next-generation flight controls, Power solutions among various other technologies.

Space



- Space technology is progressing at a rapid pace driven by commercial applications such as satellite broadcasting, communication, Earth observation, geo-location, and global navigation equipment and services.
- Centum has established a credible track record since 2002 in this segment delivering complex products that address applications in launch vehicles, satellite payloads, satellite bus systems as well as ground equipment.
- The company is also a leading electronics industry partner and one of the largest private contractors for ISRO, involved in its various stages of design, development, qualification and production of electronic modules, subsystems and systems for multiple applications in satellites and launch vehicles. Keeping in mind the growing number of missions of ISRO.
- Centum has made significant investments to ensure that they can deliver products with the right quality, technology and in required quantities to be a trusted partner. It has delivered mission-critical electronics on almost all satellite programs of ISRO including the ambitious Chandrayaan and Mangalyaan projects, and also delivered 300 to 500 components for almost every Indian space mission.

Transportation



- Centum is at the forefront of the Transportation sector working very closely with the leading global OEMs and rail operators on developing the next-generation technologies for rolling stock and signalling applications.
- Centum has developed proprietary technologies in two key product lines listed below, where our products have been deployed on board trains
- in North America, Europe, Asia and Australia for Signalling equipment and Passenger Information Systems.
- In addition, Centum provides specialist engineering services and manufacturing services to help clients to meet operational, commercial and regulatory requirements.

Automotive



- Centum, a specialist in electronics design and manufacturing services, is actively involved in supporting customers in the automotive industry as it undergoes a dynamic transformation. This transformation is marked by the entry of new players who introduce disruptive technologies, particularly in the areas of autonomous driving, powertrain architecture, and connectivity, among others.
- Centum leverages its strong knowledge and experience in developing products for safety and critical applications to assist automotive customers in designing and producing high reliability and technologically advanced solutions. For instance, Centum has successfully developed and manufactured encoders for electric three-wheeler applications, which play a crucial role in last-mile connectivity.
- Additionally, Centum's manufacturing expertise enables them to produce high-voltage inverters for electric buses, contributing to the advancement of e-mobility. Also delivered low-voltage inverters, battery management systems, and sensors used in last-mile connectivity solutions, further emphasizing focus on supporting the electric vehicle ecosystem.
- Moreover, Centum's commitment to high technological standards is exemplified through their contribution to the electronics used in hydrogen fuel cells. This involvement signifies their dedication to pushing the boundaries of innovation and sustainability in the automotive industry.

Healthcare



- The field of healthcare is rapidly adopting new technologies to augment the quality of treatment and create efficiencies for healthcare providers.
- Centum has engineered a variety of medical devices and equipment for the Healthcare industry that include digital radiography systems, automated pumps for drug injection, ultrasound equipment, patient monitoring devices, customized room controls for operation theaters among others.

Industrial & Energy



- The digital transformation in utilities, infrastructure and manufacturing among other industrial segments is driving new products that are smart, collaborative and result in efficiencies for end-users.
- Centum enables its customer to realize such products for applications in automation, control and measurement, energy among others.
- Centum's expertise in energy conversion and storage technology has helped customers develop customized Microgrid solutions as well as new solutions for railway infrastructure projects.

Financial Highlights

- Consolidated

	₹ in Millions				
Statement of Profit & Loss Account	2022-23	2021-22	2020-21	2019-20	2018-19
Total Income	9,288	7,880	8,232	8,986	9,375
Earnings Before Interest Tax Depreciation and Amortization (EBITDA) ¹	762	742	895	980	1,038
Earnings Before Interest and Tax (EBIT) ²	382	391	500	720	831
Earnings Before Tax (EBT) ²	109	127	205	352	481
Earnings per Share(₹)	7.55	(23.7)	13.3	15.8	30.5
Dividend per Share(₹)	4.0	2.5	4.0	2.5	5.0
Book Value per Share(₹)	164	158	186	178	189

	₹ in Millions				
Balance Sheet	2022-23	2021-22	2020-21	2019-20	2018-19
PPE,Intangible Assets, CWIP, Goodwill and IAUD	2015	2,032	2,162	2,222	2,186
Investments	96	73	488	401	120
Net Assets (Current and Non-Current) ³	2557	2,606	2,935	2,961	3,117
Net assets (held for disposal)	-	-	-	-	603
	4,668	4,711	5,585	5,584	6,027
Share Capital	129	129	129	129	129
Other Equity and Non- controlling interest	1,912	1,856	2,272	2,171	2,309
Borrowings ⁴	2,628	2,726	3,184	3,284	3,590
	4,668	4,711	5,585	5,584	6,027

Key Ratios	2022-23	2021-22	2020-21	2019-20	2018-19
EBITDA ¹ [% to Revenue from Operations]	8.3%	9.5%	11.0%	11.1%	11.2%
Fixed Assets (No of times) ⁵	4.6	3.9	3.8	4.0	4.3
EBT ² / Revenue from Operations	1%	2%	3%	4%	5%
Return on Capital Employed (%) ⁶	10.1%	10.2%	10.6%	15.2%	16.1%

Notes

¹ Excludes exceptional item & share of profit / loss from associate / discontinuing operations/ finance income/other income

² Excludes exceptional item & share of profit / loss from associate / discontinuing operations

³Total assets excluding PPE and Intangible Assets and Investments - Total liabilities excluding Borrowing

⁴ Includes Current Maturity of long term borrowings & Interest accrued but not due on borrowings

⁵ Revenue from operations/ PPE, Intangible Assets, CWIP, Goodwill and IAUD

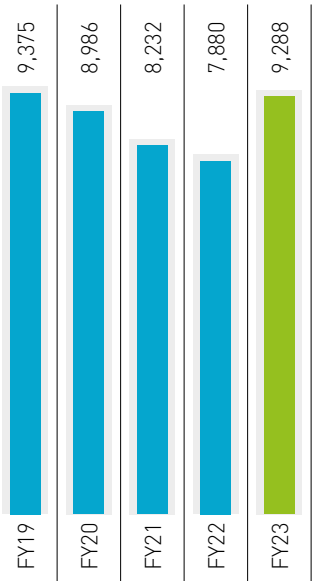
⁶ EBIT/ (Share capital, Other Equity, Non- controlling interest and Debt less Goodwill , Other intangible assets and IAUD)

⁷(current assets - current liabilities excluding short term borrowings)*365/revenue from operation

⁸ Debt/ Equity share capital and other equity

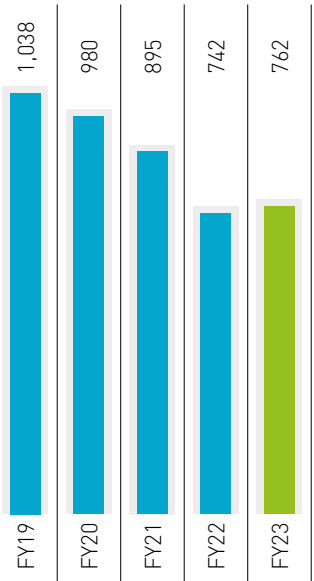
Total Income

₹ in million



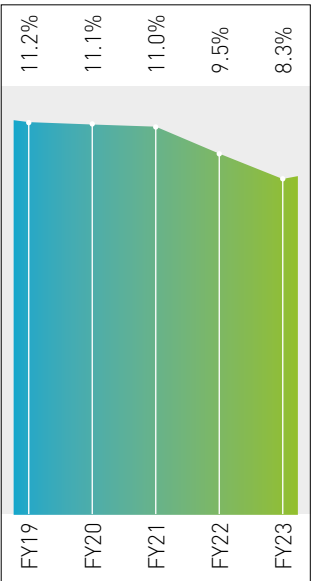
EBITDA

₹ in million



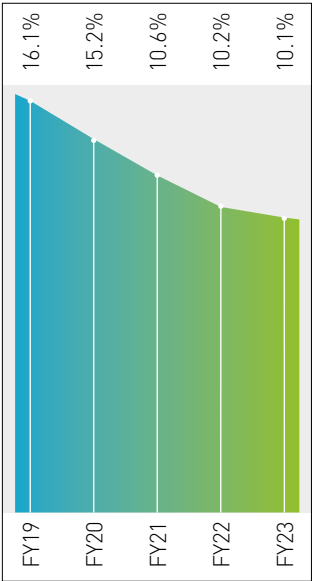
EBITDA Margin

%



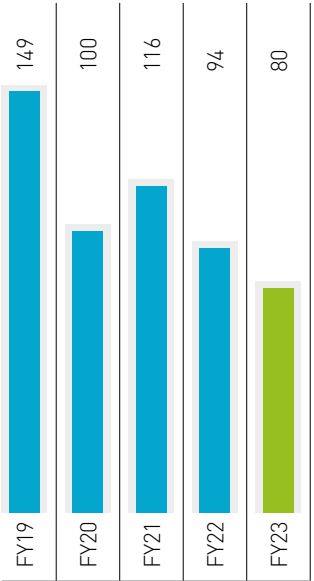
ROCE

%



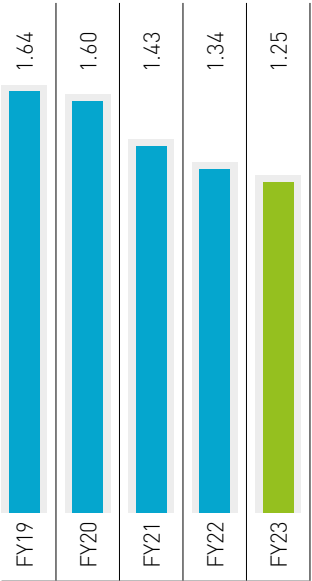
Net Working Capital⁷

Days



Debt to Equity⁸

₹ in million



Letter to Shareholders



I am delighted to report that the fiscal year 22-23 was a successful one for your company. Our consolidated total income increased to ₹9,288 M, a remarkable 18% growth compared to the previous year's ₹7,880 M. EBITDA improved from ₹742 M in the previous year to ₹762 M in FY 22-23. Consolidated Profit Before Tax (Before exceptional items) increased from ₹82 M in the previous year to ₹121 M in FY 22-23. In addition to revenue growth, we managed to reduce our debt by ₹98 M through better cash flow management.



I hope this letter finds you in good health and high spirits. As we reflect on the year 22-23, we can acknowledge the progress made in overcoming the challenges brought upon us by the global pandemic. The effects of COVID-19 are gradually diminishing, but its memory still lingers. Fortunately, the severity of supply chain disruptions has reduced, partly due to increased capacity and a slowdown in consumption in certain sectors like consumer electronics and IT, which are major consumers of electronic components.

While this is indeed positive news, we must remain vigilant regarding the areas of the supply chain that have not yet returned to normalcy. Such areas can still impact our production, and therefore, we must sustain our focus on the supply chain. Additionally, we need to assess and mitigate the effects of ongoing geopolitical tensions, such as the Ukraine war and the US-China trade tensions. These situations require careful evaluation and the development of strategies to minimize negative effects while exploring potential opportunities that may arise for our company.

Turning our attention to the world economic forecast, global economic growth is projected to gain momentum in the coming years. According to leading economists, the world economy is expected to expand steadily, driven by robust recoveries in major economies, increased vaccination rates, and supportive fiscal and monetary policies. While uncertainties remain, especially concerning the ongoing pandemic and potential geopolitical risks, the overall outlook is positive for the global economy.

In the case of the Indian economy, we are optimistic about its growth prospects for the next few years. The Indian government's proactive measures, such as the "Make in India" initiative and the Atmanirbhar policy, have laid a strong foundation for the country's economic development. These initiatives aim to boost domestic manufacturing, attract foreign investments, and enhance self-reliance across sectors. As a result, we anticipate a favorable business environment,

increased market opportunities, and a vibrant ecosystem for innovation and entrepreneurship.

Several sectors are expected to drive economic growth in India, including clean technology, defense, aerospace, and transportation. The government's focus on clean energy and sustainable development presents significant opportunities, particularly in areas such as electric vehicles, hydrogen fuel cells, and renewable energy. Furthermore, the Defense and Aerospace sectors are poised for expansion, driven by indigenization efforts and collaborations with global OEMs.

I am delighted to report that the fiscal year 22-23 was a successful one for your company. Our consolidated total income increased to ₹9,288 M, a remarkable 18% growth compared to the previous year's ₹7,880 M. EBITDA improved from ₹742 M in the previous year to ₹762 M in FY 22-23. Consolidated Profit Before Tax (Before exceptional items) increased from ₹82 M in the previous year to ₹121 M in FY 22-23. In addition to revenue growth, we managed to reduce our debt by ₹98 M through better cash flow management.

The supply chain challenges witnessed in global markets in recent years have prompted customers to plan more effectively. Consequently, we now enjoy improved visibility of customer demand, leading to better material availability. As the intensity of these supply chain challenges diminishes (though not entirely resolved), coupled with improved planning from customers, we anticipate more predictable revenues and timely delivery to our valued customers.

In previous letters, I have emphasized the significance of the "Make in India" initiative. It is important to recognize that there is a time lag between policy announcements and the realization of their benefits. We are now witnessing the positive outcomes of the government's

policy announcements, with new customers coming on board and placing purchase orders. Notably, we have observed growth in new customer segments such as clean tech, including electric vehicles and hydrogen fuel cells, as well as Defense and Aerospace. While we already generate substantial revenues in the Canadian subsidiary from the transport vertical (metros, high-speed trains, trams, etc.), our products have replaced imports in India, thanks to the technologies developed by our Canadian subsidiary. I am pleased to inform you that we have received our first orders from the Indian transport market, which continues to expand.

The opportunities stemming from the positive indigenization list necessitate collaborations. On that note, I am delighted to share that we have signed two agreements with global OEMs to provide technology for Defense and Space products in the Indian market. The Atmanirbhar policy of the Government of India presents unprecedented opportunities, and we plan to increase our revenues from the Indian market from the current 20% to an ambitious 40% in the coming years.

To enhance the competitiveness of our French and Canadian subsidiaries, we have strategically transferred most of the test bench activities to India over the past year. Leveraging Indian talent and cost advantages, we have already begun to reap the benefits. Furthermore, we have successfully completed the transfer of production for our Canadian subsidiary's products to India, allowing for better margin realization.

The Electronic System Design and Manufacturing (ESDM) industry is undergoing rapid evolution, influenced by emerging technologies, shifting customer demands, and global market dynamics. Your company has proactively adapted to these trends, ensuring that we remain at the forefront of innovation, maintain our

competitive edge, and continue to be a trusted partner to our valued customers. To remain competitive, we have embarked on the Industry 4.0 initiative, embracing automation, digitalization, and the latest AI tools to drive efficiency and customer satisfaction.

Looking ahead, I am filled with optimism and excitement about the future of your company. We have identified numerous growth opportunities within the industry segments we operate in, and our dedicated team is working tirelessly to expand our market share and capitalize on emerging markets to meet evolving customer needs.

Our success is also attributed to the unwavering efforts of our talented workforce. We continue to invest in our people, providing ongoing training and development opportunities to foster innovation and excellence.

As part of our corporate responsibility, your company remains committed to sustainability. We have actively integrated eco-friendly practices into our operations, significantly reducing our environmental footprint. Presently, 80% of the electric power we consume is derived from solar or wind energy.

In conclusion, I would like to express my heartfelt appreciation to our dedicated employees, valued customers, and esteemed shareholders for your unwavering support and encouragement. Together, we will navigate the ever-changing landscape of the Electronic Design and Manufacturing Industry and continue to position your company as a leader in our field.

Thank you once again for your trust and partnership.

Yours Sincerely,

Warm regards,

Apparao V Mallavarapu