



Stakeholders Empowerment Services

Analyze »» Educate »» Empower

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance research and advisory firm. SES assists investors to analyze governance practices including matters relating to sustainability, prevalent at listed entities and empower Investors to undertake meaningful engagement with Investee entities.

SES SERVICES

E-BRSR Tool: Online web-based platform to create BRSR Report by the Company and generate XBRL in seamless, cost and time effective manner
Already Subscribed by HDFC, Hero, M&M, L&T, UPL, Wipro, Reliance group and many others. [Read More](#)

Contact for Demo –

esgdata@sesgovernance.com

SES AIMS:

Designed primarily for Institutional investors to carry out their stewardship activities in an efficient manner. [Read More](#)

Proxy Advisory:

Advises investors on the matters that require shareholder approval at listed entities and identify Governance issues. [Read More](#)

ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors. [Read More](#)

Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the governance practices with respect to global benchmarks. [Read More](#)

E-Ballot:

One stop solution for investors – Online Vote Management System to cater to requirements of Institutional Investors. [Read More](#)

Proxy Advisory Report (Addendum) Centum Electronics Ltd

COMPANY INFORMATION

BSE CODE: 517544

NSE SYMBOL: CENTUM

ISIN: INE320B01020

Industry: Industrial Products

Email: investors@centumelectronics.com

Phone: +91 80 4143 6000

Registered Office: No 44 KHB Industrial Area Yelahanka New Township, Bangalore, Karnataka – 560 106

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 11th August, 2023 at 4:30 PM

Venue: Video Conferencing (VC) facility or other audio-visual means (OAVM)

Notice Date: 27th May, 2023

Notice: [Click here](#)

Annual Report: [FY 2022-23](#)

SES PA Report (AGM): [Report](#)

E-VOTING DETAILS

e-Voting Platform: [KFintech](#)

Cut-off Date: 4th August, 2023

Remote E-voting:

- **Start:** 8th August, 2023
- **Ends:** 10th August, 2023

ADDENDUM REPORT RELEASE DATE: 10th August, 2023

Research Analyst: Sonal Biyani

Conflict Disclosure: SES - No Conflict | Analyst - No Conflict



ADDENDUM

This addendum is being issued based on e-mail dated 9th August 2023, sent by Centum Electronics Ltd ('the Company') with respect to Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the 30th AGM of the Company to be held on 11th August, 2023.

It may be noted that the email of the Company (as per SES policy framed to comply with SEBI Circular dated 3rd August, 2020 [SEBI/HO/IMD/DF1/CIR/P/2020/147](#)) has already been forwarded to SES clients 'as it is', without any inputs from SES on 9th August, 2023. This Addendum provides appropriate responses of SES, wherever required.

SES is changing its recommendation from **AGAINST to **FOR** in case of resolution no. 1, 2 & 3 (Adoption of Standalone Financial Statements, Adoption of Consolidated Financial Statements and Declaration of Dividend), based on additional disclosure made by the Company via email.**

EXISTING RECOMMENDATION					
S. No.	Resolution	Type	SES Observation #	Rec.	Rationale
1.	Adoption of Standalone Financial Statements.	O	LC + GC	AGAINST	<i>Unpaid statutory dues for >2 years.</i>
2.	Adoption of Consolidated Financial Statements.	O	LC + GC	AGAINST	<i>Unpaid statutory dues for >2 years.</i>
3	Declaration of Dividend for the financial year ended 31st March 2023.	O	LC + GC	AGAINST	<i>Concern linked to #1.</i>
REVISED RECOMMENDATION					
1.	Adoption of Standalone Financial Statements.	O	LC	FOR	<i>Unqualified financial statements. No concern identified.</i>
2.	Adoption of Consolidated Financial Statements.	O	LC	FOR	<i>Unqualified financial statements. No concern identified.</i>
3	Declaration of Dividend for the financial year ended 31st March 2023.	O	LC	FOR	<i>Sufficient funds</i>

O- Ordinary Resolution, Rec. - Recommendation

LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern

BACKGROUND

SES, as per its policy, had e-mailed its Proxy Advisory Report to the Company on 5th August, 2023 in respect of 30th AGM of the Company.

Post release of the PA Report, the Company sent an email to SES on 9th August, 2023. The text of the email has been reproduced at the end of this addendum. SES has also analysed the information provided by the Company and has provided appropriate response wherever required.

SES has reproduced the Company's response (*in blue italics*) and SES comments thereon (in black text).

SES' COMMENTS TO COMPANY RESPONSE

Default in payment of Undisputed Statutory Dues

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 – Provident Fund

Firstly, it may be noted that there was no demand issued by the department. Also, there is no follow up or further demand till date on the subject. Further it may be noted that there was a circular by the PF department advising all the field offices not to pursue the cases, even where notices have been issued to the employers. With this background, it can be concluded that there is no demand of a statutory



liability pending. A provision has been made at the insistence of the auditor. As you may know, a provision is a liability of uncertain timing and uncertain liability.

Bruhat Bengaluru Mahanagara Palike – Property tax

Again, this is a provision made towards the property tax based on conservative accounting. There were no demands made. There were discussions and negotiations going between the Gram Panchayat (who wanted to collect the levy) and the company. Additionally, there was no clarity about the entity which should collect the property tax (KIADB or Gram Panchayat). Finally, the demand was issued in the current year (23-24) and the company will be making the payment accordingly. This provision relates to property tax for our facility in Devanahalli.

Thus, in both the cases, the amounts were mere provisions and not pending statutory demands. Also, it is to be noted that the amounts involved are insignificant compared to the revenue or asset base.

SES Comment:

At the time of report making/release, SES has raised governance concern with respect to default regarding undisputed statutory dues.

However, the Company, in its email has provided adequate justification for non-payment of undisputed statutory dues stating that there is no demand of a statutory liability pending and a provision has been made at the insistence of the auditor and that the remaining amount of Property tax that discussions and negotiations going on and the demand was issued in the current year (23-24) only and the company will be making the payment accordingly. Therefore, **no concern is identified** in resolution #1, #2 and #3.

Accordingly, SES has changed the recommendation from **AGAINST** to **FOR** in case of resolution no. 1, 2 and 3.

COMPANY'S EMAIL

Dear team,

Greetings from Centum Electronics Limited

We have received your Advisory Report as per the trail Mail. Further, we could see your recommendations for voting against the Resolution numbers 1, 2 and 3.

Adoption of Standalone Financial Statements.

Adoption of Consolidated Financial Statements

Declaration of Dividend for the financial year ended 31st March 2023.

In this regard, we would like to inform you as under:

Default in payment of Undisputed Statutory Dues

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 – Provident Fund

Firstly, it may be noted that there was no demand issued by the department. Also, there is no follow up or further demand till date on the subject. Further it may be noted that there was a circular by the PF department advising all the field offices not to pursue the cases, even where notices have been issued to the employers. With this background, it can be concluded that there is no demand of a statutory liability pending. A provision has been made at the insistence of the auditor. As you may know, a provision is a liability of uncertain timing and uncertain liability.

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Again, this is a provision made towards the property tax based on conservative accounting. There were no demands made. There were discussions and negotiations going between the Gram Panchayat (who wanted to collect the levy) and the company. Additionally, there was no clarity about the entity which should collect the property tax (KIADB or Gram Panchayat). Finally, the demand was issued in the current year (23-24) and the company will be making the payment accordingly. This provision relates to property tax for our facility in Devanahalli.

Thus, in both the cases, the amounts were mere provisions and not pending statutory demands. Also, it is to be noted that the amounts involved are insignificant compared to the revenue or asset base

Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit initiative or its staff, has no financial interest in the companies covered in this report except for what is disclosed on its website. The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information



Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

CIN No. -

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Warning

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

