

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Balance Sheet as at March 31, 2022

	Notes	March 31, 2022	March 31, 2021
(Rs. in thousands)			
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	3,467.63	8,082.04
(b) Other intangible assets	4	2.82	25.16
(c) Right-of-use assets	5	19,401.05	25,465.97
(d) Financial assets			
(i) Other financial assets	6	4,649.45	4,395.97
(e) Deferred tax assets (net)	7	6,233.91	3,657.08
(f) Other non-current assets	8	93.17	-
		<u>33,848.03</u>	<u>41,626.22</u>
(2) Current assets			
(a) Inventories	9	58,370.64	4,760.64
(b) Financial assets			
(i) Trade receivables	10	60,434.57	34,646.92
(ii) Cash and cash equivalents	11	47,043.33	16,547.37
(iii) Other current financial assets	12	4,424.70	560.32
(c) Other current assets	13	7,309.90	3,513.24
		<u>1,77,583.14</u>	<u>60,028.49</u>
Total assets (1+2)		<u><u>2,11,431.17</u></u>	<u><u>1,01,654.71</u></u>
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	14	1,000.00	1,000.00
(b) Other equity	15	(808.13)	(5,267.04)
		<u>191.87</u>	<u>(4,267.04)</u>
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	20,000.00	20,000.00
(ii) Lease liabilities	5	15,749.93	20,330.86
(b) Net non-current employee defined benefit liabilities	16	1,891.15	1,844.46
		<u>37,641.08</u>	<u>42,175.32</u>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	-	1,440.00
(ii) Lease liabilities	5	9,564.65	9,811.82
(iii) Trade payables	18		
Total outstanding dues of micro enterprises and small enterprise		2,669.01	1,252.54
Total outstanding dues of creditors other than micro enterprises and small enterprise		83,301.05	17,398.40
(iv) Other current financial liabilities	19	10,843.41	5,203.27
(b) Other current liabilities	20	61,948.04	17,607.05
(c) Net current employee defined benefit liabilities	21	30.84	9.55
(d) Provisions	22	3,370.21	4,700.41
(e) Liabilities for current tax (net)	23	1,871.01	6,323.39
		<u>1,73,598.22</u>	<u>63,746.43</u>
Total equity and liabilities (1+2+3)		<u><u>2,11,431.17</u></u>	<u><u>1,01,654.71</u></u>

Summary of significant accounting policies

2.3

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per Sandeep Kamani
Partner
Membership number: 061207

For and on behalf of Board of Directors of
Centum Adeneo India Private Limited

Vinod Srinivasrao Chippalkatti
Director
DIN:07661636

Bruno Jacques Philippe Baudot
Director
DIN:07664282

Place: Bengaluru
Date: May 19, 2022

Place: Bengaluru
Date: May 19, 2022

Place: Ecully
Date: May 19, 2022

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of Profit and Loss for the year ended March 31, 2022

	Notes	March 31, 2022	March 31, 2021
(Rs. in thousands)			
I Income:			
Revenue from contracts with customers	24	1,92,000.78	1,50,973.24
Finance income	25	256.97	235.51
Total income		1,92,257.75	1,51,208.75
II Expenses:			
Cost of materials consumed	26	12,854.18	17,773.80
Purchase of Services		93,495.05	1,369.30
(Increase) / decrease in inventories of work-in-progress and finished goods	27	(40,150.22)	(4,760.64)
Employee benefits expense	28	93,764.46	99,605.18
Finance costs	29	4,335.54	4,712.38
Depreciation and amortization expenses	30	10,807.26	10,627.56
Other expenses	31	15,335.45	12,119.44
Total expenses		1,90,441.72	1,41,447.02
III Profit / (loss) before tax (I - II)		1,816.03	9,761.73
IV Tax expenses	32		
(a) Current tax		2,491.45	5,662.83
(b) Adjustment of tax relating to earlier period		(1,667.87)	-
(c) Deferred tax (credit) / expense		(2,800.75)	(1,519.18)
Total tax expenses		(1,977.17)	4,143.65
V Profit / (loss) for the year (III - IV)		3,793.20	5,618.08
VI Other comprehensive income (net)			
(A) (i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
- Re-measurement gains / (losses) on defined benefit plans	37(b)(ii)	889.63	86.89
(ii) Income tax effect		(223.92)	(21.87)
(B) (i) Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
(ii) Income tax effect		-	-
Total other comprehensive income for the year		665.71	65.02
VII Total comprehensive income for the year (V +/- VI)		4,458.91	5,683.10
VIII Earnings per equity share (nominal value of Rs 10 each)	33		
Basic and diluted (Rs.)		37.93	56.18
Summary of significant accounting policies	2.3		

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Chartered Accountants



per Sandeep Karnani
Partner
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Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of Cash Flows for the year ended March 31, 2022

	(Rs. in thousands)	
	March 31, 2022	March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	1,816.03	9,761.73
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Net foreign exchange differences (unrealised)	(1,097.25)	(107.38)
Depreciation and amortization expenses	10,807.26	10,627.56
Finance costs	4,335.54	4,712.38
Finance income	(256.97)	(235.51)
Operating profit / (loss) before working capital changes	15,604.61	24,758.78
Working capital adjustments:		
(Increase) / decrease in trade receivables / loans and other assets	(86,293.26)	(20,352.25)
Increase / (decrease) in trade payables, provisions and other liabilities	1,17,129.19	10,426.15
Cash generated from operations	46,440.54	14,832.68
Direct taxes paid (net of refunds)	(5,755.39)	252.15
Net cash from / (used in) operating activities	40,685.15	15,084.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets	(105.59)	(620.22)
Interest income	40.61	-
Net cash (used in) / from investing activities	(64.98)	(620.22)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(3,268.29)	(1,959.56)
Payment of lease liabilities	(6,855.92)	(4,380.71)
Net cash (used in) / from financing activities	(10,124.21)	(6,340.27)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	30,495.96	8,124.34
Cash and cash equivalents at the beginning of the year	16,547.37	8,423.03
Cash and cash equivalents at the end of the year	47,043.33	16,547.37
Total cash and cash equivalents (note 11)	47,043.33	16,547.37

Explanatory notes to statement of cash flows

Changes in liabilities arising from financing activities:-

	(Rs. in thousands)	
	Liabilities arising from financing activities	
	Borrowings (refer note 17)	Lease liabilities (refer note 5)
As at April 01, 2021	21,440.00	30,142.68
Cash flows	(1,440.00)	
Non-cash changes		
Foreign exchange fluctuations (gain) / loss	-	-
Changes in fair values	-	2,027.82
Payment of lease liabilities	-	(6,855.92)
As at March 31, 2022	20,000.00	25,314.58
As at April 01, 2020	20,000.00	32,111.41
Cash flows	-	-
Recognition of lease liabilities	-	-
Interest accrued and not paid	1,440.00	-
Non-cash changes		
Foreign exchange fluctuations (gain) / loss	-	-
Changes in fair values	-	2,411.98
Payment of lease liabilities	-	(4,380.71)
As at March 31, 2021	21,440.00	30,142.68

Summary of significant accounting policies

2.3

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/P300004
Chartered Accountants



per Sandeep Karnani
Partner
Membership number: 061207

Place: Bengaluru
Date: May 19, 2022

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Date: May 19, 2022

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Director
DIN: 07664282

Place: Ecully
Date: May 19, 2022

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of changes in equity for the year ended March 31, 2022

(a) Equity share capital

Equity shares of Rs 10 each issued, subscribed and fully paid

Particulars	Number	Rs. in thousands
At April 01, 2020	1,00,000	1,000.00
Issue of share capital (refer note 14)	-	-
At March 31, 2021	1,00,000	1,000.00
Issue of share capital (refer note 14)	-	-
At March 31, 2022	1,00,000	1,000.00

(b) Other equity

Particulars	(Rs. in thousands)	
	Attributable to equity shareholders Reserves and surplus - Retained earnings (refer note 15)	Total equity
For the year ended March 31, 2022		
As at April 01, 2021	(5,267.04)	(5,267.04)
Profit / (loss) for the year	3,793.20	3,793.20
Remeasurement gains / (losses) of defined benefit plans*	665.71	665.71
As at March 31, 2022	(808.13)	(808.13)
For the year ended March 31, 2021		
As at April 01, 2020	(10,950.14)	(10,950.14)
Profit / (loss) for the year	5,618.08	5,618.08
Remeasurement gains / (losses) of defined benefit plans*	65.02	65.02
As at March 31, 2021	(5,267.04)	(5,267.04)

*As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies

2.3

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/300004
Chartered Accountants



per Sandeep Karnani
Partner
Membership Number: 061207

For and on behalf of Board of Directors of
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Place: Bengaluru
Date: May 19, 2022

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Date: May 19, 2022

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2022

1. Corporate information

Centum Adeneo India Private Limited ("Centum" or "the Company") is a private limited company domiciled in India. The Company was incorporated as a private limited company on December 6, 2016 under the Companies Act, 2013. The registered office of the Company is located at Bangalore, India.

The Company has been formed principally for the design and engineering services relating to customers to help them realize complex products and sub systems catering to the communications, aerospace, transportation and industrial electronics markets.

Information on related party relationships of the Company is provided in Note 36.

The financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 19, 2022.

In the FY 2019-20, the Company has got the registration done under the provisions of Micro, Small and Medium Enterprise Development Act ("MSMED") Act, 2006 vide Udyog Aadhaar number ("UAN") KR03D0122525 dated January 10, 2020.

1.1 Going Concern

The Company has accumulated losses of Rs 808.13 thousands as at March 31, 2022 which has resulted in erosion of its entire networth of the Company. The Holding Company has committed to provide financial and operational support to the Company for its continued operation in the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

2.1. Basis of Preparation

The financial statements of the Company, have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ("Rs.") which is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest thousand (INR 000), except when otherwise indicated.

2.2. Change in accounting policies and disclosures:

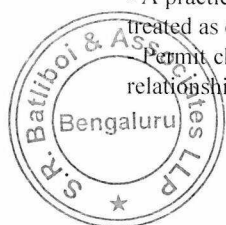
New Standards and amendments:

(i) Interest Rate Benchmark Reform - Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.



Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2022

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments have no impact on the standalone Ind AS financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI.

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS .includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the standalone Ind AS financial statements of the Company.

2.3. Summary of significant accounting policies

a. Current versus non-current classification

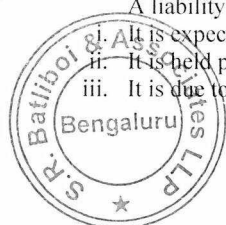
The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle,
- ii. It is held primarily for the purpose of trading,
- iii. It is due to be settled within twelve months after the reporting period, or



Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2022

- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Disclosures for valuation methods, significant estimates and assumptions
- ▶ Quantitative disclosures of fair value measurement hierarchy
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

c. Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.



Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2022

Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

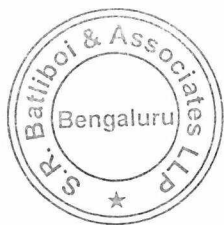
Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments below.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments below.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).



Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2022

d. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

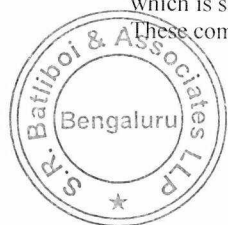
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

e. Property, plant and equipment ('PPE')

Capital work in progress includes cost of property, plant and equipment under installation / under development, net of accumulated impairment loss, if any, as at the balance sheet date. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.



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Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category of asset*	Estimated useful life
Plant and equipments (including the related intellectual property)	8 years*
Office equipments	5 years
Furniture and fixtures	10 years
Computers	3 years
Electrical Installations	10 years

* The Company, based on technical assessment made by the technical expert and management estimate, depreciates certain items of plant and equipment (including the related intellectual property) over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (3 years)	Straight-line basis	Acquired



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g. Leases

The Company has lease contracts for office spaces and other equipment. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (h) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

h. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

