

CENTUM ADENEO INDIA PRIVATE LIMITED

AUDITED FINANCIALS 2019-20

INDEPENDENT AUDITOR'S REPORT

To the Members of Centum Adeneo India Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Centum Adeneo India Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to the following matter in the notes of the accompanying Ind AS financial statements for the year ended March 31, 2020:

- a. Note 41 relating to amount outstanding towards services rendered to a related party which are outstanding beyond permissible time period under the Foreign Exchange Management Act ('FEMA'). Pending regularization of delays with the competent authority no adjustments are made to the accompanying Ind AS financial statements.
- b. Note 42 to the financial Statements for the year ended March 31, 2020, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations and financial position of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.

Our conclusion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Director's report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) The matters described in the in the Emphasis of matter paragraph above and Disclaimer of Opinion paragraph of “Annexure 2”, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABX8979
Place of Signature: Bengaluru
Date: June 11, 2020

Annexure 1 referred to in clause 1 of paragraph I on the ‘Report on Other Legal and Regulatory Requirements’ of our report of even date

Re: Centum Adeneo India Private Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Property, plant and equipment have not been physically verified by the management of the Company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us by the management of the Company, there are no immovable properties, included in property, plant and equipment / fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Companies (Auditor’s report) Order, 2016 (‘the Order’) are not applicable to the Company and hence not commented upon.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us by the management of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us by the management of the Company, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company and hence not commented upon.
- (vii) (a) Undisputed statutory dues including employees’ state insurance, income-tax, duty of customs, , goods and service tax, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities though there have been slight delay in few cases.

(b) According to the information and explanations given to us by the management of the Company, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company, were outstanding at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding loans or borrowings in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given to us by the management of the Company, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans during the year hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us by the management of the Company and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, hence not commented upon.
- (xv) According to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us by the management of the Company, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

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

per Sandeep Karnani
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 11, 2020

Annexure 2 to the Independent Auditor's report of even date on the Ind AS financial statements of Centum Adeneo India Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of Centum Adeneo India Private Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting with reference to these Ind AS financial statements of the Company.

Meaning of Internal Financial Controls over Financial Reporting with reference to these Ind AS financial statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting with reference to these Ind AS financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note issued by the ICAI. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting with reference to these Ind AS financial statements as at March 31, 2020 and whether such internal financial controls were operating

effectively. Accordingly we do not express an opinion on Internal Financial Controls over Financial Reporting with reference to these Ind AS financial statements.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the ICAI, as specified under Section 143(10) of the Act, the Ind AS financial statements of the Company, which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 Ind AS financial statements of the Company and this report does not affect our report dated June 11, 2020 which expressed an unqualified opinion on those Ind AS financial statements.

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

per Sandeep Karnani
Partner
Membership number: 061207
UDIN: 20061207AAAABX8979

Place: Bengaluru
Date: June 11, 2020

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Balance Sheet as at March 31, 2020

		(Rs. in thousands)	
	Notes	March 31, 2020	March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	12,687.75	2,556.38
(b) Capital work-in-progress	4	-	12,006.03
(c) Other intangible assets	5	203.78	396.59
(d) Right-of-use assets	33 (a)	29,934.11	-
(e) Financial assets			
(i) Loans	6	3,690.59	3,252.21
(f) Deferred tax assets (net)	7	2,159.77	593.85
(g) Non-current tax assets (net)	8	455.89	455.89
(h) Other non-current assets	9	1,149.96	1,106.17
		50,281.85	20,367.12
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	10	17,715.06	16,273.98
(ii) Cash and cash equivalents	11	8,423.03	811.91
(iii) Other current financial assets	12	1,395.73	-
(b) Other current assets	13	4,113.54	2,646.11
		31,647.36	19,732.00
Total assets (1+2)		81,929.21	40,099.12
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	14	1,000.00	1,000.00
(b) Other equity	15	(10,950.13)	(17,658.46)
		(9,950.13)	(16,658.46)
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	33 (a)	25,187.77	-
(b) Net non-current employee defined benefit liabilities	16	1,018.38	535.86
		26,206.15	535.86
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	20,000.00	15,500.00
(ii) Lease liabilities	33 (a)	6,923.64	-
(iii) Trade payables other than dues to micro and small enterprises	18	20,770.46	7,864.05
(iv) Other current financial liabilities	19	8,528.66	5,499.26
(b) Other current liabilities	20	6,794.78	26,942.65
(c) Net current employee defined benefit liabilities	21	3.69	1.37
(d) Provisions	22	2,194.96	414.39
(e) Liabilities for current tax (net)	23	457.00	-
		65,673.19	56,221.72
Total equity and liabilities (1+2+3)		81,929.21	40,099.12
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

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

per Sandeep Karnani
Partner
Membership number: 061207

Vinod Srinivasrao Chippalkatti
Director
DIN:0007661636

Bruno Jacques Philippe Baudot
Director
DIN:0007664282

Place: Bengaluru
Date: June 11, 2020

Place: Bengaluru
Date: June 11, 2020

Place: Ecully
Date: June 11, 2020

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of Profit and Loss for the year ended March 31, 2020

		(Rs. in thousands)	
	Notes	March 31, 2020	March 31, 2019
I Income:			
Revenue from contracts with customers	24	125,408.99	60,108.62
Finance income	25	167.42	190.96
Total income		125,576.41	60,299.58
II Expenses:			
Employee benefits expense	26	77,936.44	42,495.32
Finance costs	27	4,390.26	277.78
Depreciation and amortization expenses	28	11,718.31	1,699.88
Other expenses	29	25,188.60	25,708.07
Total expenses		119,233.61	70,181.05
III Profit / (loss) before tax (I - II)		6,342.80	(9,881.47)
IV Tax expenses	30		
(a) Current tax		1,208.06	-
(b) Deferred tax expense / (credit)		(1,567.91)	(350.33)
Total tax expenses		(359.85)	(350.33)
V Profit / (loss) for the year (III - IV)		6,702.65	(9,531.14)
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		7.67	(107.50)
(ii) Income tax effect		(1.99)	-
(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		5.68	(107.50)
VII Total comprehensive income for the year (V +/- VI)		6,708.33	(9,638.64)
VIII Earnings per equity share (nominal value of Rs 10 each)	31		
Basic and diluted (Rs.)		67.03	(95.31)
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

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

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Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of Cash Flows for the year ended March 31, 2020

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	6,342.80	(9,881.47)
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Net foreign exchange differences (unrealised)	306.93	226.23
Finance costs	4,390.26	277.78
Depreciation and amortization expenses	11,718.31	1,699.88
Operating profit / (loss) before working capital changes	22,758.30	(7,677.58)
Working capital adjustments:		
(Increase) / decrease in trade receivables / loans and other assets	(4,960.87)	(5,731.82)
Increase / (decrease) in trade payables, provisions and other liabilities	(1,842.56)	4,609.01
Cash generated from operations	15,954.87	(8,800.39)
Direct taxes paid (net of refunds)	(751.06)	(455.89)
Net cash from / (used in) operating activities	15,203.81	(9,256.28)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets	(5,591.82)	(10,344.24)
Net cash (used in) / from investing activities	(5,591.82)	(10,344.24)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans and advances from related parties (refer note 34)	4,500.00	15,500.00
Proceeds from issue of share capital (refer note 14 (a)(i) and (ii))	-	1,000.00
Finance costs paid	(335.72)	(66.32)
Payment of lease liabilities (refer note 33 (a))	(6,165.15)	-
Net cash (used in) / from financing activities	(2,000.87)	16,433.68
Net increase/(decrease) in cash and cash equivalents (A+B+C)	7,611.12	(3,166.84)
Cash and cash equivalents at the beginning of the year	811.91	3,978.75
Cash and cash equivalents at the end of the year	8,423.03	811.91
Total cash and cash equivalents (note 11)	8,423.03	811.91

Explanatory notes to statement of cash flows

Changes in liabilities arising from financing activities:-

	(Rs. in thousands)	
	Liabilities arising from financing activities	
	Short term borrowings (refer note 17)	Lease liabilities (including current portion of lease liabilities (refer note 33(a))
As at April 01, 2019	15,500.00	-
Cash flows	4,500.00	-
Non-cash changes		
Changes in fair values	-	2,724.35
Recognition of lease liabilities (refer note 33 (a))	-	35,552.21
Payment of lease liabilities (refer note 33 (a))	-	(6,165.15)
As at March 31, 2020	20,000.00	32,111.41
As at April 01, 2018	-	-
Cash flows	15,500.00	-
Non-cash changes		
Changes in fair values	-	-
Recognition of lease liabilities (refer note 33 (a))	-	-
Payment of lease liabilities (refer note 33 (a))	-	-
As at March 31, 2019	15,500.00	-

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

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

per Sandeep Karnani
Partner
Membership number: 061207

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Place: Bengaluru
Date: June 11, 2020

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Place: Ecully
Date: June 11, 2020

Centum Adeneo India Private Limited
Corporate Identity Number (CIN): U72900KA2016FTC098263
Statement of changes in equity for the year ended March 31, 2020

(a) Equity share capital

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

Particulars	Number	Rs. in thousands
At April 01, 2018	100,000	1,000.00
Issue of share capital (refer note 14)	-	-
At March 31, 2019	100,000	1,000.00
Issue of share capital (refer note 14)	-	-
At March 31, 2020	100,000	1,000.00

(b) Other equity

(Rs. in thousands)

(₹. in thousands)

Particulars	Attributable to equity shareholders	Total equity
	Reserves and surplus - Retained earnings (refer note 15)	
For the year ended March 31, 2020		
As at April 01, 2019	(17,658.46)	(17,658.46)
Profit / (loss) for the year	6,702.65	6,702.65
Remeasurement of post-employee benefit obligations*	5.68	5.68
As at March 31, 2020	(10,950.13)	(10,950.13)
For the year ended March 31, 2019		
As at April 01, 2018	(8,019.82)	(8,019.82)
(Loss) / profit for the period	(9,531.14)	(9,531.14)
Remeasurement of post-employee benefit obligations*	(107.50)	(107.50)
As at March 31, 2019	(17,658.46)	(17,658.46)

*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/E300004
Chartered Accountants

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

per Sandeep Karnani
Partner
Membership Number: 061207

Vinod Srinivasrao Chippalkatti
Director
DIN:0007661636

Bruno Jacques Philippe Baudot
Director
DIN:0007664282

Place: Bengaluru
Date: June 11, 2020

Place: Bengaluru
Date: June 11, 2020

Place: Ecully
Date: June 11, 2020

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

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 34.

The financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on June 11, 2020.

In the current year, 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. Accordingly, the Company has complied with relevant applicable accounting standards.

1.1 Going Concern

The Company has accumulated losses as at March 31, 2020 which has resulted in erosion of its entire networth of the Company. The Company's current liabilities exceeds its current assets as at the balance sheet date. The networth of the Company is eroded. 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 and presented 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:

During the year ended March 31, 2020, the Company has applied Ind AS 116 "Leases" for the first time. The nature and effect of the changes as a result of adoption is described below in 2.2 (a).

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at April 01, 2019 (increase/(decrease)) is, as follows:

(Rs. in thousands)

Particulars	Amount
Assets	
Right-of-use asset	31,273.34
Total assets	31,273.34
Liabilities	
Lease liabilities	31,273.34
Total Liabilities	31,273.34
Total adjustment in Equity	
Retained earnings	-

Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (g) Leases for the accounting policy beginning April 01, 2019.

The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 01, 2019.

Leases previously classified as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at April 01, 2019,

Right-of-use assets of Rs. 31,273.34 thousands were recognised and presented separately in the balance sheet.

Additional lease liabilities of Rs. 31,273.34 thousands were recognised.

Also refer note 2.3 (g) and note 33 (a) for further details.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109 : Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Annual Improvements to Ind AS 2018

(i) Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

(ii) Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

An entity applies the amendments for annual reporting periods beginning on or after April 01, 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the 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
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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 using valuation techniques.

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.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

For assets and liabilities that are recognised in the Ind AS 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.

c. Revenue from contracts with customer

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

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.

Sale of services

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, 2020

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 establishes provisions where appropriate.

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.

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.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. 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.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

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 equipment (including the related intellectual property)	8 years*
Office equipment	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 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.

Further, the management has estimated the useful lives of asset individually costing Rs. 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. 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.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised 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

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.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

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. The Company's lease liabilities are included in Interest-bearing loans and borrowings

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 of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Accounting policy applicable till March 31, 2019:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. 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. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

h. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

i. Provisions and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

j. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

k. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m. Foreign currencies

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

n. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

Centum Adeneo India Private Limited**Notes to the financial statements for the year ended March 31, 2020****o. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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Centum Adeneo India Private Limited

Notes to the financial statements for the year ended March 31, 2020

3. Property, plant and equipment

(Rs. in thousands)

Particulars	Leasehold improvements	Plant and equipments	Computers	Office equipments	Furniture and fixtures	Electrical installations	Total
At cost / deemed cost							
As at April 01, 2018	3,042.37	458.53	963.18	111.93	613.62	-	5,189.63
Additions	-	223.21	160.01	14.16	-	-	397.38
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	3,042.37	681.74	1,123.19	126.09	613.62	-	5,587.01
Additions	11,973.93	-	566.25	243.98	2,433.23	821.38	16,038.77
Disposals	-	-	-	-	-	-	-
As at March 31, 2020	15,016.30	681.74	1,689.44	370.07	3,046.85	821.38	21,625.78
Accumulated Depreciation							
As at April 01, 2018	1,155.54	44.18	240.01	12.89	47.82	-	1,500.44
Charge for the year	1,014.12	73.44	357.07	24.20	61.36	-	1,530.19
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	2,169.66	117.62	597.08	37.09	109.18	-	3,030.63
Charge for the year	4,841.12	85.43	533.72	73.60	291.39	82.14	5,907.40
Disposals	-	-	-	-	-	-	-
As at March 31, 2020	7,010.78	203.05	1,130.80	110.69	400.57	82.14	8,938.03
Net block							
As at March 31, 2020	8,005.52	478.69	558.64	259.38	2,646.28	739.24	12,687.75
As at March 31, 2019	872.71	564.12	526.11	89.00	504.44	-	2,556.38

4. Capital work-in-progress

(Rs. in thousands)

	Capital work-in-progress
As at April 01, 2018	220.00
Additions	12,183.41
Capitalised during the year	(397.38)
As at March 31, 2019	12,006.03
Additions	4,032.74
Capitalised during the year	(16,038.77)
As at March 31, 2020	-

5. Other intangible assets

(Rs. in thousands)

Particulars	Computer software	Total
At cost / deemed cost		
As at April 01, 2018	461.82	461.82
Additions	115.00	115.00
Disposals	-	-
As at March 31, 2019	576.82	576.82
Additions	-	-
Disposals	-	-
As at March 31, 2020	576.82	576.82
Amortization		
As at April 1, 2018	10.54	10.54
Charge for the year	169.69	169.69
Disposals	-	-
As at March 31, 2019	180.23	180.23
Charge for the year	192.81	192.81
Disposals	-	-
As at March 31, 2020	373.04	373.04
Net block		
As at March 31, 2020	203.78	203.78
As at March 31, 2019	396.59	396.59

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

6 Loans (non-current)

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Carried at amortised cost		
Security deposits	3,690.59	3,252.21
	<u>3,690.59</u>	<u>3,252.21</u>

7 Deferred tax assets (net)

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Deferred tax assets		
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	1,143.28	346.43
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	1,016.49	247.42
Deferred tax assets (net)	<u>2,159.77</u>	<u>593.85</u>

8 Non current tax assets (net)

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Advance tax (net of provision for tax)	455.89	455.89
	<u>455.89</u>	<u>455.89</u>

9 Other non current assets

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Prepaid expenses	1,149.96	1,106.17
	<u>1,149.96</u>	<u>1,106.17</u>

10 Trade receivables

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Carried at amortised cost		
Unsecured, considered good		
Receivables from related parties (refer note 34 and note 41)	16,975.37	16,273.98
Other trade receivables	739.69	-
Total trade receivables	<u>17,715.06</u>	<u>16,273.98</u>

Break-up for security details:

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Trade receivables:		
Unsecured, considered good	17,715.06	16,273.98
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	<u>17,715.06</u>	<u>16,273.98</u>
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total trade receivables	<u>17,715.06</u>	<u>16,273.98</u>

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

- Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

11 Cash and cash equivalents

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Balances with banks:		
- On current accounts	8,420.90	803.62
Cash on hand	2.13	8.29
Total cash and cash equivalents	<u>8,423.03</u>	<u>811.91</u>

- Balances with banks on current accounts does not earn interest.

12 Other current financial assets

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Carried at amortised cost		
Staff advances	1,395.73	-
	<u>1,395.73</u>	<u>-</u>

13 Other current assets

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Unsecured considered good		
Advance to suppliers	1,291.91	-
Balance with statutory / government authorities	2,289.66	2,362.52
Prepaid expenses	420.86	283.59
Other assets	111.11	-
	<u>4,113.54</u>	<u>2,646.11</u>

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

14. Equity share capital

Authorised share capital:

At April 01, 2018

Increase / (decrease) during the year

At March 31, 2019

Increase / (decrease) during the year

At March 31, 2020

Equity shares of Rs. 10 each	
In numbers	Rs. in thousands
100,000	1,000.00
-	-
100,000	1,000.00
-	-
100,000	1,000.00

Issued equity share capital: (refer note (i), (ii) below)

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

At April 01, 2018

Issue of equity shares

At March 31, 2019

Issue of equity shares

At March 31, 2020

In numbers	Rs. in thousands
100,000	1,000.00
-	-
100,000	1,000.00
-	-
100,000	1,000.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2020		March 31, 2019	
	In numbers	Rs. in thousands	In numbers	Rs. in thousands
At the beginning of the year (refer note (i) and (ii) below)	100,000	1,000.00	100,000	1,000.00
Add: Issued during the period	-	-	-	-
Outstanding at the end of the year	100,000	1,000.00	100,000	1,000.00

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2020		March 31, 2019	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of Rs. 10 each fully paid				
Centum Electronics Limited, the Holding Company	99,000	99.00%	99,000	99.00%
Apparao V Mallavarapu (Nominee of Centum Electronics Limited)	1,000	1.00%	1,000	1.00%

Note (i):

During the year ended March 31, 2017, Centum Electronics Limited ('the ultimate holding company') vide its letter dated March 21, 2017 sought clarification from the Reserve Bank of India ('the RBI') regarding the permissibility of the investment by the subscribers to the Memorandum of Association under the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2004 (Notification 120/2004 RB, dated 7 July 2004), as the investment into the entity was made by an overseas subsidiaries of an Indian entity.

During the year ended March 31, 2019, RBI vide its letter dated July 18, 2018 has expressed its inability to accede to the request of Centum Electronics Limited with regard to infusion of capital by the overseas subsidiaries of an Indian entity. Further based on legal opinion obtained by the Company, the management is of the view that above rejection by RBI do not have any impact on the incorporation of the Company under the applicable laws of India and the Company can change the initial subscribers to the Memorandum of Association. Accordingly, on November 21, 2018, the Company has allotted the shares to Centum Electronics Limited and to its Nominee i.e. Mr. Apparao V Mallavarapu consequent to which the Company became a 100% subsidiary of Centum Electronics Limited.

Note (ii):

During the year ended March 31, 2019, the Board of Directors in its meeting dated November 21, 2018 passed a resolution for inducting Centum Electronics Limited and its Nominee as subscribers to the Company's memorandum and articles of association, having undertaken to subscribe one lakh equity shares of Rs. 10 each. The Company based on the legal opinion has not made any changes to subscriber to the Memorandum of Associations but has updated the Registers of Members to reflect the allotment made to Centum Electronics Limited and to its nominee.

15. Other equity

Retained earnings

Balance as at April 01, 2018

(Loss) / Profit for the year

Remeasurement of post-employee benefit obligations

Balance as at March 31, 2019

Profit / (Loss) for the year

Remeasurement of post-employee benefit obligations

Balance as at March 31, 2020

Rs. in thousands
(8,019.82)
(9,531.14)
(107.50)
(17,658.46)
6,702.65
5.68
(10,950.13)

Nature and purpose of reserves

Retained earnings

Retained earnings are the losses of the Company incurred till date.

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Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

16 Net non-current employee defined benefit liabilities

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 35)	1,018.38	535.86
	<u>1,018.38</u>	<u>535.86</u>

17 Current financial liabilities: Borrowings

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Unsecured		
Loans from related parties (refer note 34)	20,000.00	15,500.00
	<u>20,000.00</u>	<u>15,500.00</u>

Loan of Rs 20,000 thousands (March 31, 2019: Rs 15,500 thousands) carries an interest rate of 8% per annum (March 31, 2019: 8% per annum) . The loan is repayable along with outstanding interest amount, if any, on expiration of 60 months from the drawdown date or is repayable on demand or on such intervals as may otherwise be agreed upon by the parties.

18 Financial liabilities: Trade payables

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Carried at amortised cost		
Trade payables	17,339.33	6,420.17
Trade payables to related parties (refer note 34)	3,431.13	1,443.88
	<u>20,770.46</u>	<u>7,864.05</u>

a) Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2020 and March 31, 2019.

b) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing.
- For explanations on the Company's credit risk management processes, refer to note 37(c).
- The dues to related parties are unsecured.

19 Other current financial liabilities

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Other current financial liabilities at amortised cost		
Accrued salaries and benefits (refer note 34)	6,591.92	3,333.63
Payable for capital goods	395.09	1,954.17
Interest payable (refer note 34)	1,541.65	211.46
	<u>8,528.66</u>	<u>5,499.26</u>

20 Other current liabilities

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Advance from customers (refer note 34 and note 41)	5,114.31	25,547.99
Statutory dues payable	1,680.47	1,394.66
	<u>6,794.78</u>	<u>26,942.65</u>

21 Net current employee defined benefit liabilities

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 35)	3.69	1.37
	<u>3.69</u>	<u>1.37</u>

22 Provisions

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	2,194.96	414.39
	<u>2,194.96</u>	<u>414.39</u>

23 Liabilities for current tax (net)

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Provision for taxation, net of advance tax	457.00	-
	<u>457.00</u>	<u>-</u>

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

24 Revenue from contracts with customers

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Sale of services (refer note 34)	125,408.99	60,108.62
	125,408.99	60,108.62

Notes to revenue from contracts with customers:

a) Timing of rendering of services - March 31, 2020

	(Rs. in thousands)		
	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of services (refer note 34)	-	125,408.99	125,408.99
	-	125,408.99	125,408.99

Timing of rendering of services - March 31, 2019

	(Rs. in thousands)		
	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of services (refer note 34)	-	60,108.62	60,108.62
	-	60,108.62	60,108.62

b) Contract Balances:

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Receivables		
- Current (Gross)	17,715.06	16,273.98
Contract Liabilities*		
Advance received from customers		
- Current	5,114.31	25,547.99

* A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

c) Revenue recognised during the year

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Arising out of contract liabilities as at the beginning of the year	25,547.99	-

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to Rs. Nil.

25 Finance income

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Interest income on security deposits	167.42	190.96
	167.42	190.96

26 Employee benefits expenses

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Salaries, wages and bonus (refer note 34)	74,121.45	39,899.01
Contribution to provident and other funds (refer note 35)	2,348.18	1,746.16
Gratuity expenses (refer note 35)	492.51	251.36
Staff welfare expenses	974.30	598.79
	77,936.44	42,495.32

27 Finance costs

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Interest on borrowings (refer note 34)	1,501.48	211.46
Bank charges	164.43	66.32
Interest on lease liabilities (refer note 33 (a))	2,724.35	-
	4,390.26	277.78

28 Depreciation and amortization expenses

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Depreciation of tangible assets (refer note 3)	5,907.40	1,530.19
Amortization of intangible assets (refer note 5)	192.81	169.69
Depreciation of Right-of-use assets (refer note 33 (a))	5,618.10	-
	11,718.31	1,699.88

29 Other expenses *

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Rent and equipment hire charges	1,793.53	7,198.82
Rates and taxes	104.31	135.25
Power and fuel	982.05	743.78
Repairs and maintenance	1,789.64	1,573.73
Insurance	238.99	202.59
Legal and professional fees (includes payment to auditor (refer details below))	4,214.13	5,319.99
Travelling and conveyance	6,706.26	6,577.57
Communication costs	1,011.27	625.13
Recruitment and training	992.23	1,910.14
Freight outwards	123.08	54.12
Loss on account of foreign exchange fluctuations (net)	2,055.74	434.13
Miscellaneous expenses	5,177.37	932.82
	25,188.60	25,708.07

* Refer note 34 for transactions with related parties.

Payment to auditor (exclusive of taxes)

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
As auditor:		
Audit fee (including fees for internal controls over financial reporting)	700.00	500.00
In other capacity:		
Reimbursement of expenses	30.00	20.00
	730.00	520.00

30 Income tax

The Company is subject to income tax in India on the basis of financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 01, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Company has accounted deferred tax asset based on the reduced applicable tax rates.

Income tax expenses in the statement of profit and loss consist of the following:

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
(a) Current tax	1,208.06	-
(b) Deferred tax expense / (credit)	(1,569.90)	(350.33)
(c) MAT credit entitlement	-	-
(d) Deferred tax expense / (credit) related to items recognized in OCI during the period	1.99	-
Total taxes	(359.85)	(350.33)

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Profit before taxes	6,342.80	(9,881.47)
Applicable tax rates in India	26.00%	26.00%
Computed tax charge	1,649.13	(2,569.18)
Tax effect of items on which deferred taxes has not been accounted:		
Taxable losses	(3,587.24)	2,218.85
Impact on account of change in future tax rates	294.51	-
Tax effect on permanent non-deductible expenses	1,038.31	-
Others	245.44	-
Total tax expenses	(359.85)	(350.33)
Income tax reported in the statement of profit and loss	(359.85)	(350.33)
	-	-

31 Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Face value of equity shares (Rs. per share)	10.00	10.00
Profit / (loss) attributable to equity shareholders (A) (Rs. in thousands)	6,702.65	(9,531.14)
Weighted average number of equity shares used for computing EPS (basic and diluted) (B)	100,000	100,000
EPS - basic and diluted (A/B) (Rs.)	67.03	(95.31)

32 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities includes provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments, etc.

(i) Judgments:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 7 and 30 for further disclosures.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 37 for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Centum Adeneo India Private Limited**Notes to the financial statements for the year ended March 31, 2020****Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 35.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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33 Commitments and contingencies

(a) Leases

Operating lease: Company as a lessee

The Company has lease contracts for office facilities. The lease term of the office facilities is generally 3-9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Refer to Note 2.3(g) Leases for the accounting policy prior to April 01, 2019.

The Company also has certain leases of computer and computer equipments with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The lease liabilities as at April 01, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

Liabilities	Rs. in thousands
Operating lease commitments as at March 31, 2019	8,483.36
Weighted average incremental borrowing rate as at April 01, 2019	8%
Discounted operating lease commitments as at April 01, 2019	8,044.15
Add :	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Commitments relating to leases previously classified as finance lease	-
Lease payments relating to renewal periods not included in operating lease commitments as at March 31, 2019	27,508.06
Lease liabilities as at April 01, 2019	35,552.21

The carrying amounts of right-of-use assets recognised and the movements during the period is as follows

Particulars	(Rs. in thousands)	
	Office Buildings	Total
Gross Block (at cost/ deemed cost)		
As at April 01, 2019	35,552.21	35,552.21
Additions during the year	-	-
As at March 31, 2020	35,552.21	35,552.21
Accumulated depreciation		
As at April 01, 2019	-	-
Charge for the year	5,618.10	5,618.10
As at March 31, 2020	5,618.10	5,618.10
Net block as on March 31, 2020	29,934.11	29,934.11

The carrying amounts of liabilities recognised and the movements during the period is as follows:

Particulars	(Rs. in thousands)	
	Lease rentals	
As at April 01, 2019	35,552.21	
Additions	-	
Accretion of interest	2,724.35	
Payments	(6,165.15)	
As at March 31, 2020	32,111.41	
Current	6,923.64	
Non-current	25,187.77	

The maturity analysis of lease liabilities are disclosed in Note 37 (c).

The effective interest rate for lease liabilities is 8%.

The following are the amounts recognised in profit or loss:

Particulars	(Rs. in thousands)	
	Amount	
Depreciation expense of right-of-use assets	5,618.10	
Interest expense on lease liabilities	2,724.35	
Expense relating to leases of low-value (included in other expenses)	1,681.92	
Total amount recognised in profit or loss	10,024.37	

The Company had total cash outflows for leases of Rs. 6,165.15 thousands for the year ended March 31, 2020.

(b) Commitments

	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	2,551.66

(c) Contingencies

(i) The Company does not have any contingent liability.

(ii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

34 Related party transactions

a) Names of related parties and description of relationship:

Description of relationship	Name of related parties
Parties where control exists	Centum Electronics Limited - Holding Company Apparao V Mallavarapu (Nominee of Centum Electronics Limited)
Parties under common control	Centum Adeneo SAS Centum Adetel Group SA Centum Adetel Solution Centum Adetel Transportation Solution SAS
Key managerial personnel	Mr. Ravindra Nuguri - Chief Executive Officer (appointed w.e.f March 07, 2019)

b) Summary of transactions and outstanding balances with above related parties are as follows:

Particulars	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
i) Sale of services		
Parties where control exists		
- Centum Electronics Limited	10,760.01	9,440.88
Parties under common control		
- Centum Adeneo SAS	104,909.58	39,282.43
- Centum Adetel Solution	9,011.09	4,961.53
- Centum Adetel Transportation Solution SAS	-	6,423.78
ii) Finance Cost - Interest on borrowings		
Parties where control exists		
- Centum Electronics Limited	1,501.48	211.46
iii) Other expenses - Legal and professional fees		
Parties where control exists		
- Centum Electronics Limited	-	150.00
iv) Other expenses - Travel / Miscellaneous expenses		
Parties under common control		
- Centum Adeneo SAS	2,270.07	549.52
v) Expense incurred on behalf of the Company by :		
Parties where control exists		
- Centum Electronics Limited	595.40	1,420.28
vi) Loan received by the Company from:		
Parties where control exists		
- Centum Electronics Limited	4,500.00	15,500.00
vii) Remuneration to key managerial personnel		
a) Employee benefit expenses		
- Mr. Ravindra Nuguri	8,323.27	559.36

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Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Particulars	March 31, 2020	March 31, 2019
viii) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Parties where control exists		
- Centum Electronics Limited	5,280.89	4,841.52
Parties under common control		
- Centum Adeneo SAS	-	6,680.35
- Centum Adetel Solution	11,694.48	4,752.11
b) Trade payables - Current		
Parties where control exists		
- Centum Electronics Limited	595.40	894.36
Parties under common control		
- Centum Adeneo SAS	2,835.73	549.52
c) Current financial liabilities - Borrowings		
Parties where control exists		
- Centum Electronics Limited	20,000.00	15,500.00
d) Equity share capital (refer note 12(a)(i),12(a)(ii))		
Parties where control exists		
- Centum Electronics Limited	990.00	990.00
- Apparao V Mallavarapu (Nominee of Centum Electronics Limited)	10.00	10.00
e) Other current financial liabilities - Interest payable		
Parties where control exists		
- Centum Electronics Limited	1,541.65	211.46
f) Other current financial liabilities - Accrued salaries and benefits		
Key managerial personnel		
- Mr. Ravindra Nuguri	473.94	371.22
g) Other current liabilities - Advance from customers		
Parties under common control		
- Centum Adetel Group SA	-	18,941.44
- Centum Adeneo SAS	5,114.31	6,606.55

Notes:

As the liability from gratuity and leave encashment is provided on actuarial basis for the company, as a whole the amount pertaining to the key managerial personnel are not disclosed above.

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35 Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Company's contribution to provident fund and other funds are considered as defined contribution plans. The contributions are charged to the statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expense (refer note 26) are as under:

	(Rs. in thousands)	
Particulars	March 31, 2020	March 31, 2019
Contribution to provident fund and other funds	2,348.18	1,746.16
	2,348.18	1,746.16

b) Defined benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the standalone statement of profit or loss and amounts recognised in the balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the statement of profit and loss)

	(Rs. in thousands)	
Particulars	March 31, 2020	March 31, 2019
Current service cost	436.43	228.86
Interest cost on defined benefit obligation	56.08	22.51
Net benefit expenses	492.51	251.37

ii. Remeasurement (gains)/ loss recognised in other comprehensive income:

	(Rs. in thousands)	
Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(122.94)	88.64
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	115.27	18.86
Actuarial (gain)/ loss recognised in OCI	(7.67)	107.50

iii. Net defined benefit asset/ (liability)

	(Rs. in thousands)	
Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation	1,022.07	537.23
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	1,022.07	537.23

iv. Changes in the present value of the defined benefit obligation are as follows:

	(Rs. in thousands)	
Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	537.23	178.36
Current service cost	436.43	228.86
Interest cost on defined benefit obligation	56.08	22.51
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(122.94)	88.64
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	115.27	18.86
Closing defined benefit obligation	1,022.07	537.23

v. The following pay-outs are expected in future years:

	(Rs. in thousands)	
Particulars	March 31, 2020	
March 31, 2021	3.69	
March 31, 2022	8.07	
March 31, 2023	24.65	
March 31, 2024	44.98	
March 31, 2025	56.22	
March 31, 2026 to March 31, 2030	317.61	

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2019: 10 years).

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	6.55%	7.43%
Salary escalation (in %)	7.00%	7.00%
	Age 21 - 30 Yrs : 15%	
	Age 30 - 34 Yrs : 10%	
	Age 35 - 44 Yrs : 5%	
	Age 45 - 50 Yrs : 3%	
	Age 51 - 54 Yrs : 2%	
	Age 55 - 57 Yrs : 1%	
Employee Turnover/ Withdrawal Rate		
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

Particulars	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(133.77)	(70.31)
Impact on defined benefit obligation due to 1% decrease in discount rate	162.64	85.49
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	127.26	66.89
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(110.61)	(58.14)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	14.73	7.74
Impact on defined benefit obligation due to 1% decrease in attrition rate	(9.52)	(5.00)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

36 (a) Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments -

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

The Company primarily operates in only one segment i.e. design and engineering services. The Board of Directors of the Company, is identified as the CODM. CODM evaluates the performance of the Company based on the single operative segment i.e. design and engineering services. Therefore, there is only one reportable segment in accordance with the requirement of Ind AS 108 'Operating Segments'.

(b) Geographical information

	Segment revenue*		Non-current assets**	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
India	10,760.01	9,440.88	43,975.60	16,065.17
Europe	105,637.89	45,706.21	-	-
North America	9,011.09	4,961.53	-	-
Total	125,408.99	60,108.62	43,975.60	16,065.17

*Revenue by geographical area are based on the geographical location of the customer.

**Non-current assets excludes financial assets and tax assets.

(c) Refer Note 34 in respect of revenue from customers which are more than 10% of the Company's total revenue

36 (b) Capital Management

The Company's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and short term borrowings.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Particulars	(Rs. in thousands)	
	March 31, 2020	March 31, 2019
Borrowings (refer note 17)	20,000.00	15,500.00
Less: Cash and cash equivalents (refer note 11)	8,423.03	811.91
Total debts (i)	11,576.97	14,688.09
Capital components		
Equity share capital (refer note 14)	1,000.00	1,000.00
Other equity (refer note 15)	(10,950.13)	(17,658.46)
Total Capital (ii)	(9,950.13)	(16,658.46)
Capital and borrowings (iii = i + ii)	1,626.84	(1,970.37)
Gearing ratio (i / iii)	712%	-745%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

37 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(k), to the financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019.

As at March 31, 2020					
(Rs. in thousands)					
Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Trade receivables	-	-	17,715.06	17,715.06	17,715.06
(ii) Cash and cash equivalents	-	-	8,423.03	8,423.03	8,423.03
(iii) Other current financial assets	-	-	1,395.73	1,395.73	1,395.73
(iv) Loans	-	-	3,690.59	3,690.59	3,690.59
Total	-	-	31,224.41	31,224.41	31,224.41
Financial liabilities					
(i) Borrowings	-	-	20,000.00	20,000.00	20,000.00
(ii) Lease liabilities	-	-	32,111.41	32,111.41	32,111.41
(iii) Trade payables	-	-	20,770.46	20,770.46	20,770.46
(iv) Other financial liabilities	-	-	8,528.66	8,528.66	8,528.66
Total	-	-	81,410.53	81,410.53	81,410.53

As at March 31, 2019					
(Rs. in thousands)					
Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Trade receivables	-	-	16,273.98	16,273.98	16,273.98
(ii) Cash and cash equivalents	-	-	811.91	811.91	811.91
(iii) Other current financial assets	-	-	-	-	-
(iv) Loans	-	-	3,252.21	3,252.21	3,252.21
Total	-	-	20,338.10	20,338.10	20,338.10
Financial liabilities					
(i) Borrowings	-	-	15,500.00	15,500.00	15,500.00
(ii) Lease liabilities	-	-	-	-	-
(iii) Trade payables	-	-	7,864.05	7,864.05	7,864.05
(iv) Other financial liabilities	-	-	5,499.26	5,499.26	5,499.26
Total	-	-	28,863.31	28,863.31	28,863.31

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) The Company do not have any Level 1, Level 2 and Level 3 financial assets / liabilities as at March 31, 2020 and March 31, 2019. There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2020 and March 31, 2019.

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

(c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables and other financial assets and cash and bank balances are derived from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as liquidity and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency fluctuations on the Company's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EURO and CAD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in currency	(Rs. in thousands)	
		Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2020			
EURO	5%	(104.80)	104.80
CAD	5%	584.72	(584.72)
March 31, 2019			
EURO	5%	306.92	(306.92)
CAD	5%	237.61	(237.61)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2020 and March 31, 2019.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loans, trade receivables and cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. 31,224.41 thousands and Rs. 20,338.10 thousands as at March 31, 2020 and March 31, 2019 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits and other financial assets.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. Further the Company has receivable majorly from Group companies (refer note 33).

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(c) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and advances, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The following table shows a maturity analysis of the anticipated cash flows of the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

Particulars	(Rs. in thousands)			
	0 to 1 years	1 to 5 years	> 5 years	Total
March 31, 2020				
Borrowings	20,000.00	-	-	20,000.00
Lease liabilities	6,923.64	25,347.94	8,572.43	40,844.01
Trade payables	20,770.46	-	-	20,770.46
Other current financial liabilities	8,528.66	-	-	8,528.66
	56,222.76	25,347.94	8,572.43	90,143.13
March 31, 2019				
Borrowings	15,500.00	-	-	15,500.00
Lease liabilities	-	-	-	-
Trade payables	7,864.05	-	-	7,864.05
Other current financial liabilities	5,499.26	-	-	5,499.26
	28,863.31	-	-	28,863.31

Centum Adeneo India Private Limited
Notes to the financial statements for the year ended March 31, 2020

38 Corporate social responsibility expenses

Since the Company does not meet the criteria specified in Section 135 of the Act, the Company is not required to spend any amount on activities related to corporate social responsibility for the year ended March 31, 2020 and March 31, 2019.

- 39** The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the IT Act ('regulations') to determine whether the transactions entered during the year ended March 31, 2020, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

40 Unhedged foreign currency exposure:

Particulars of unhedged foreign currency exposure as at balance sheet date:

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency	Amount (Rs. in thousands)	Amount in foreign currency	Amount (Rs. in thousands)
Trade receivables	EURO	9.00	739.69	86.08	6,680.35
Trade receivables	CAD	224.89	11,694.48	92.28	4,752.11
Trade payable	EURO	34.24	2,835.73	7.07	549.52

- 41** As at March 31, 2020, Trade receivables amounting to Rs. 2,813.01 thousands (March 31, 2019: Rs. Nil) and advance from customers amounting to Rs. Nil (March 31, 2019: Rs. 25,547.99 thousands) towards sale of services, are outstanding beyond permissible time under the Foreign Exchange Management Act ('FEMA'). Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of regularising the aforementioned non compliance. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these financial statements in this regard.
- 42** Subsequent to the outbreak of Coronavirus (COVID-19) and consequential lockdown across the country, the Company has continued to operate and provide services to its customers, without any disruptions. However disruptions to business worldwide and economic slowdown may have its eventual impact on the Company. A definitive assessment of impact is not possible in view of highly uncertain economic environment and the scenario is still evolving. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and have concluded that no material adjustments required at this stage in the financial statements.
- 43** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date.

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

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

per Sandeep Kamani
Partner
Membership number: 061207

Vinod Srinivasrao Chippalkatti
Director
DIN:0007661636

Bruno Jacques Philippe Baudot
Director
DIN:0007664282

Place: Bengaluru
Date: June 11, 2020

Place: Bengaluru
Date: June 11, 2020

Place: Ecully
Date: June 11, 2020