INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors
Advanced Enzymes Europe B.V., Netherlands

Independent Auditor's Report on Financial Statements of Advanced Enzymes Europe B.V., Netherlands ('the Company')

Opinion

We have audited the accompanying consolidated financial statements of **Advanced Enzymes Europe B.V.** ('the Company') and it's subsidiary Evoxx Technologies Gmbh, which comprise the Consolidated Balance sheet as at 31 March 2024, Consolidated Statements of profit and loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity for the year then ended.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2024, and its profit (financial performance 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 consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated 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 consolidated financial statements under the provisions of the Companies Act, 2013 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 opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Indian Accounting Standards ('Ind AS'), as issued by the Institute of Chartered Accountants of India ('ICAI') and notified by Ministry of Corporate Affairs ('MCA'), India, under the Companies Act, 2013; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Other information

The Company's Board of Directors is responsible for the other information.

MANOJ KUMAR SHARMA & ASSOCIATES
THANE

Our opinion on the 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We conducted our audit in accordance Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated Ind AS financial statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

(a) We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs. 144.43 million and net assets of Rs. 110.90 million as at 31 March 2024 and total revenues of Rs. 230.25 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, and our report in terms of Section 143 (3) of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiary company, is based solely on the report of the other auditor.

MANOJ KUMAR SHARMA & ASSOCIATES
THANE

One subsidiary is located in Germany whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in Germany and which have been audited by other auditor under German GAAP. The Company's management has converted the financial statement of this subsidiary from accounting principles generally accepted in Germany to accounting principles generally accepted in India (Ind AS). We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of subsidiary located in Germany is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

In our opinion, the consolidated financial statement referred to above present fairly in all material respects, the consolidated financial position of the Company as of 31 March 2024 and the consolidated result of its operations and the consolidated cash flow and consolidated statement of changes in equity for the year ended 31 March 2024, in accordance with Indian Accounting Standards ("Ind AS").

The accompanying consolidated financial information has been prepared both in Indian rupees and Euro. The financial information in Euro is prepared solely for the purpose of filing Annual Performance Report with the Reserve Bank of India("RBI") as per guidelines prescribed by RBI and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have verified the arithmetic accuracy of the presentation of the financial information. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

For Manoj Kumar Sharma & Associates
Chartered Accountants

Manoj Sharma

MANOJ KUMAR SHARMA & ASSOCIATES
THANE

Manoj Kumar Sharma
M. No.: 155859
FRN: 137265W

Place: Thane
Date: 25 April 2024

UDIN: 24155859BKEYVX5158

Advanced Enzymes Europe B.V.

Consolidated Balance Sheet

As at 31 March 2024

	Notes	As at 31 March 2024 In EURO	As at 31 March 2024 In INR	As at 31 March 2023 In EURO	As at 31 March 2023 In INR
I. ASSETS					
(1) Non-current assets					
(a) Property, Plant and Equipment	3	982,857	88,671,219	339,373	30,410,416
(b) Goodwill		3,170,110	286,000,390	3,170,110	284,065,989
(c) Other Intangible assets	3A	2,304,705	207,925,403	2,734,886	245,066,535
Total non-current assets		6,457,672	582,597,012	6,244,369	559,542,940
(2) Current Assets					
(a) Inventories	4	556,506	50,206,766	572,410	51,292,265
(b) Financial Assets					
(i) Trade receivables	5	426,647	38,491,188	492,626	44,143,073
(ii) Cash and cash equivalents	6	685,714	61,863,564	695,533	62,324,999
(d) Other current assets	7	68,259	6,158,179	49,305	4,418,142
Total current assets		1,737,126	156,719,697	1,809,874	162,178,477
Total assets		8,194,798	739,316,709	8,054,243	721,721,417
II. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity share capital	8	4,276,837	351,695,526	2,000,000	149,854,930
(b) Other equity					
1.1 Other Reserves	9	(4,383,083)	(361,280,536)	(4,966,022)	(412,077,560)
Equity attributable to equity holders of the parent		(106,246)	(9,585,010)	(2,966,022)	(262,222,630)
Total equity		(106,246)	(9,585,010)	(2,966,022)	(262,222,630)
(2) Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	10	6,454,146	582,278,830	9,869,132	880,793,673
(ii) Lease Liabilities		616,848	55,650,642	-	-
(c) Deferred tax liabilities (net)	23	682,922	61,611,697	795,676	71,298,586
Total non current liabilities		7,753,916	699,541,169	10,664,807	952,092,259
(3) Current liabilities					
(a) Financial liabilities					
(i) Lease Liabilities		181,342	16,360,286	117,008	10,484,784
(ii) Trade payables	11	164,764	14,864,614	60,008	5,377,179
(b) Other current liabilities	12	201,022	18,135,650	178,443	15,989,825
Total Current liabilities		547,128	49,360,550	355,459	31,851,788
Total liabilities		8,194,798	739,316,709	8,054,243	721,721,417

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

In terms of our report attached of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

Manoj Sharma

MANOJ KUMAR SHARMA & ASSOCIATES THANE

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Thane
Date: 25/04/2024

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

M.M.Kabra

Mukund Kabra
Director
Place : Thane
Date: 25/04/2024

Rasika Rathi
Director
Place : Chino, CA

Advanced Enzymes Europe B.V.
Consolidated Statement of Profit and Loss
for the year ended 31 March 2024

	Note	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023
		In Euro	In INR	In Euro	In INR
Revenue					
Revenue from operations	13	2,563,873	230,245,304	2,869,802	240,268,679
Other income	14	98,185	8,817,354	90,281	7,558,628
Total revenue		2,662,058	239,062,658	2,960,083	247,827,308
Expenses					
Cost of materials consumed	15	733,696	65,871,550	816,235	68,189,368
Changes in inventories of finished goods and work-in-progress	16	13,233	862,735	(189,763)	(18,749,690)
Employee benefit expense	17	1,173,172	105,355,192	1,106,423	92,633,187
Finance costs	18	312,845	28,094,663	604,336	50,596,849
Depreciation and amortization expense	19	654,294	58,757,974	755,070	63,216,832
Other expenses	20	765,405	68,736,162	478,577	40,067,911
Total expenses		3,652,645	327,678,276	3,570,878	295,954,456
Profit before exceptional items and tax		(990,587)	(88,615,618)	(610,795)	(48,127,149)
Exceptional items		-	-	-	-
Profit before extraordinary items and tax		(990,587)	(88,615,618)	(610,795)	(48,127,149)
Extraordinary items					
Profit before tax		(990,587)	(88,615,618)	(610,795)	(48,127,149)
Tax expense					
Current tax	23	-	-	-	-
Deferred tax (credit)/ charge		(112,754)	(10,125,716)	(112,755)	(9,440,179)
Tax adjustment for earlier years		-	-	-	-
Total tax expense		(112,754)	(10,125,716)	(112,755)	(9,440,179)
Profit/(Loss) for the period		(877,833)	(78,489,902)	(498,040)	(38,686,969)
Total comprehensive income for the period		(877,833)	(78,489,902)	(498,040)	(38,686,969)
Earnings per equity share	22				
Basic		(0.21)	(18.54)	(0.25)	(19.34)
Diluted		(0.21)	(18.54)	(0.25)	(19.34)

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

In terms of our report attached of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

Manoj Sharma

MANOJ KUMAR SHARMA & ASSOCIATES THANE

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Thane
Date: 25/04/2024

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

M.M.Kabra

Mukund Kabra
Director

Place : Thane
Date: 25/04/2024

Rasika Rathi
Director

Place : Chino, CA

Advanced Enzymes Europe B.V.
Consolidated Cash Flow Statement for the year ended 31 March 2024

Cash flows from operating activities	EURO For the year ended 31 March 2024	INR For the year ended 31 March 2024	EURO For the year ended 31 March 2023	INR For the year ended 31 March 2023
Profit before tax	(990,587)	(88,615,618)	(610,795)	(48,127,149)
Adjustments for non-cash transactions				
Depreciation and amortisation expense	654,294	58,757,974	755,070	63,216,832
Employee stock options amortisation expenses	26,364	2,367,614	-	-
Repayment of long term borrowing through issue of equity shares*	(3,711,245)	(333,283,473)	-	-
Issue of equity shares to settle repayment of long term borrowing*	3,711,245	333,283,473	-	-
Unrealised foreign exchange loss/ (gain)	45,025	4,043,440	(47,300)	(3,960,099)
	(264,904)	**(23,446,590)**	**96,975**	**11,129,584**
Items considered separately				
Interest expenses	267,820	24,051,223	604,336	50,596,849
	2,916	**604,633**	**701,311**	**61,726,433**
Operating profit before working capital changes				
Increase / (decrease) in trade payables	104,756	9,407,438	36,839	3,084,276
(Increase) / decrease in inventories	15,904	1,428,198	(190,407)	(15,941,483)
(Increase) / decrease in trade receivables	65,979	5,925,163	(204,666)	(17,135,237)
Decrease in other current assets	(18,954)	(1,702,103)	16,005	1,340,006
(Decrease) in other current liabilities	22,581	2,027,859	45,246	3,788,138
Cash generated from operating activities	**193,182**	**17,691,188**	**404,328**	**36,862,134**
Income taxes paid	-	-	-	-
Net cash generated from operating activities	**193,182**	**17,691,188**	**404,328**	**36,862,134**
Cash flows from investing activities				
Purchase of tangible assets	(23,807)	(2,137,914)	(87,259)	(7,305,586)
Purchase of intangible assets	(2,718)	(244,095)	(2,598)	(217,513)
Net cash used in investing activities	**(26,525)**	**(2,382,009)**	**(89,857)**	**(7,523,099)**
Cash flows from financing activities				
Proceeds from issue of share capital				
(Payment)/ Proceeds from non-current borrowings	-	-	(4,231)	(354,263)
Interest paid	(16,587)	(1,489,536)	(18,459)	(1,545,445)
Lease liability paid	(159,889)	(14,358,636)	(260,820)	(21,836,689)
Net cash used in financing activities	**(176,476)**	**(15,848,172)**	**(283,510)**	**(23,736,396)**
Net (decrease) / increase in cash and cash equivalents	(9,819)	(538,993)	30,961	5,602,639
Cash and cash equivalents as at the beginning of the year	695,533	62,324,999	664,572	56,262,638
Effect of exchange rate changes on cash and cash equivalents held	-	77,558	-	459,721
Cash and cash equivalents as at the end of the year	**685,714**	**61,863,564**	**695,533**	**62,324,999**
Reconciliation of cash and cash equivalents				
Cash in hand #	0	34	164	14,683
Balance with banks :				
Current account	685,714	61,863,530	695,369	62,310,316
	685,714	**61,863,564**	**695,533**	**62,324,999**

* Refer note no. 26

\# Figures are below Euro 1.00, hence disclosed as Euro 0

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

As per our attached Report of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

Manoj Sharma

MANOJ KUMAR SHARMA & ASSOCIATES THANE

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Thane
Date: 25/04/2024

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

M. M. Kabra

Mukund Kabra
Director
Place : Thane
Date: 25/04/2024

Rasika Rathi
Director
Place : Chino, CA

Advanced Enzymes Europe B.V.
Statement of Changes in Equity (SOCIE)
for the year ended 31 March 2024

(a) Equity share capital (refer note 8)

	As at 31 March 2024		As at 31 March 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	4,276,837	351,695,526	2,000,000	149,854,930
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	**4,276,837**	**351,695,526**	**2,000,000**	**149,854,930**

(b) Other equity (refer note 9)

Particulars	Reserves & Surplus				Total Equity
	Securities Premium	Capital Contribution	Foreign currency	Retained earnings	
Balance at 1 April 2022	-	-	**32,039,355**	**(390,833,434)**	**(358,794,079)**
Profit for the year	-	-	-	(38,686,969)	(38,686,969)
Other comprehensive income for the year	-	-	(14,596,512)	-	(14,596,512)
Total comprehensive income for the year	-	-	**(14,596,512)**	**(38,686,969)**	**(53,283,481)**
Balance at 31 March 2023	-	-	**17,442,843**	**(429,520,403)**	**(412,077,560)**
Profit for the year	-	-	-	(78,489,902)	(78,489,902)
Other comprehensive income for the year	-	-	(240,288)	-	(240,288)
Total comprehensive income for the year	-	-	**(240,288)**	**(78,489,902)**	**(78,730,191)**
Add: Premium on issue of shares	127,159,600	-	-	-	127,159,600
Add: Addition for the year	-	2,367,614	-	-	2,367,614
Balance at 31 March 2024	**127,159,600**	**2,367,614**	**17,202,555**	**(508,010,306)**	**(361,280,536)**

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

As per our attached Report of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

Manoj Sharma

MANOJ KUMAR SHARMA & ASSOCIATES THANE

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Thane
Date: 25/04/2024

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

M.M.Kabra

Mukund Kabra Director
Rasika Rathi Director

Place : Thane
Date: 25/04/2024

Place : Chino, CA

Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the year ended 31 March 2024

1 **Overview of the Company**

Advanced Enzymes Europe B.V. ("the Company", "AEE BV") was incorporated on 11 July 2017. AEE BV is a wholly owned subsidiary of Advanced Enzymes Technologies Ltd. ("the Parent"),

an India corporation. AEE BV was formed to serve as a holding company to allow the Parent to own interests in Europe corporations.

2 **Basis of preparation of consolidated financial statements**

The Financial statements of the Company comply with all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) card with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.

Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the Company's functional currency.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

2A **Use of estimates**

The preparation of the financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2024 are as follows:

a. **Revenue from contracts with customers:**

The Management applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers such as identifying performance obligations, estimating relative standalone selling price of items not sold separately, and determining timing of satisfaction of performance obligations for revenue from research and development contracts.

b. **Property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

c. **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

d. **Recognition of deferred tax assets**

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value meaasurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2B **Material accounting policies:**

The accounting policies set out below have been applied consistently to the periods presented in the financial statements.

a. **Revenue recognition**

Revenue from sale of services:

The Company offers various services ranging from enzyme identification, enzyme optimisation, enzyme and process development, scale-up and production ender fixed price contracts.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

MANOJ KUMAR SHARMA & ASSOCIATES
THANE

Revenue from sale of products:

The Company is engaged in selling proprietary enzymes.

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of risk and rewards, and acceptance by the customer. In case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either delivered to pre-agreed location or shipped from the warehouse, as agreed in the contract, the risk and rewards has transferred, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts.

Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.

b. Property, plant and equipment and depreciation

i. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii. Subsequent expenditure related to an item of tangible assets are added to its book value only if they increase the future benefits from the exisitng asset beyond its previously assessed standard of performance.

iii. Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.

iv. The estimated useful life of assets are as follows:

Plant and equipment	10-25 years
Office equipment	5 years
Rights & Licences	10 years
Computer Software	3-5 years
Developed Technology	12 years
Trade Name	12 years
Customer relationship	10 year

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

v. An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

vi. The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101

c. Impairment of Property, plant and equipments

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

d. Inventories

i. Stock in trade is valued at lower of cost and net reliasable value. Cost is determind on weighted average cost method, which is determined on their specific individual costs which includes only purchase cost.

e. Employee benefits

i. Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

f. Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and Minimum Alternate Tax (MAT) credit entitlement.

Current tax

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

g. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax 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.

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h. Borrowing costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue and recognized as an expense in the Statement of Profit and Loss.

i. Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

j. Leases

The Company has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether:
(i) the contact involves the use of an identified asset
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method. The Company has used number of practical expedients when applying Ind AS 116: - Shortterm leases, leases of low-value assets and single discount rate. The Company has elected not to recognise right of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

The Company's leases mainly comprise office premises. The Company's leases land and buildings for warehouse facilities

k. Cash and cash equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant Accounting Standard. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

l. Operating cycle

All assets and liabilities have been classified as current or non-current as per criteria set out in the Schedule III to the Companies Act, 2013.

m. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii. Classification

On initial recognition, a financial asset is classified as measured at
- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

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