

WIPRO PHILIPPINES INC.

**FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Wipro Philippines Inc.
(A 99.99% Owned Subsidiary of WIPRO IT SERVICES UK SOCIETAS)
Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St.,
Cebu Business Park, Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wipro Philippines Inc. (the Company), which comprise the statements of financial position as at March 31, 2021 and 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the fiscal years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, its financial performance and its cash flows for the fiscal years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 PSA 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 financial statements, including the disclosures, and whether the 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 audits.

ROXAS CRUZ TAGLE AND CO.


Aljuver R. Gamao

Partner

CPA Certificate No. 0126931

Tax Identification No. 944-910-315

SEC Accreditation No. 1776-SEC, Group A, issued on September 10, 2019,
effective until September 09, 2022

BIR Accreditation No. 08-001682-015-2019, issued on February 8, 2019,
effective until February 7, 2022

PTR No. 2436947, issued on January 8, 2021, Cebu City

June 08, 2021

Cebu City



WIPRO PHILIPPINES INC.
(A 99.99% Owned Subsidiary of WIPRO IT SERVICES UK SOCIETAS)

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	P3,660,966,235	P265,886,185
Trade and other current receivables - net	5	8,290,200,051	8,911,788,808
Short-term investments	6	—	202,680,000
Unbilled service fees	7	205,609,217	284,605,521
Prepayments		25,113,892	49,548,802
Other current assets	10	10,072,804	41,066,224
Total Current Assets		12,191,962,199	9,755,575,540
Noncurrent Assets			
Property and equipment - net	8	688,848,310	637,220,993
Right-of-use assets - net	18	315,280,155	422,694,057
Rental deposits	18	51,638,152	52,601,347
Deferred tax assets	16	19,366,728	15,131,792
Total Noncurrent Assets		1,075,133,345	1,127,648,189
		P13,267,095,544	P10,883,223,729
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Trade and other payables	9	P725,877,023	P653,320,445
Income tax payable		29,487,071	25,714,538
Due to parent and affiliates	19	922,436	17,148,527
Unearned income		65,156	1,911,070
Lease liabilities	18	196,611,176	177,673,003
Other current liability	10	32,724,410	—
Total Current Liabilities		985,687,272	875,767,583
Noncurrent Liabilities			
Retirement benefits liability	15	17,662,838	5,248,246
Deferred tax liability	16	10,896,853	10,896,853
Lease liabilities, net of current portion	18	173,767,710	305,754,809
Total Noncurrent Liabilities		202,327,401	321,899,908
Total Liabilities		1,188,014,673	1,197,667,491
Equity			
Share capital	17	188,914,700	188,914,700
Retained earnings	17	11,898,900,403	9,491,590,031
Cumulative remeasurements on defined benefit liability	15	(8,734,232)	5,051,507
Total Equity		12,079,080,871	9,685,556,238
		P13,267,095,544	P10,883,223,729

See Notes to the Financial Statements.



WIPRO PHILIPPINES INC.*(A 99.99% Owned Subsidiary of WIPRO IT SERVICES UK SOCIETAS)***STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020**

	Note	2021	2020
SERVICE FEES	11	₱6,588,356,705	₱7,199,830,887
OTHER FEES	12	36,716,581	65,624,641
TOTAL REVENUE		6,625,073,286	7,265,455,528
COST OF SERVICES	13	3,734,061,301	3,731,857,559
GROSS PROFIT		2,891,011,985	3,533,597,969
OPERATING EXPENSES	14	570,702,942	599,810,343
PROFIT FROM OPERATIONS		2,320,309,043	2,933,787,626
OTHER INCOME			
Foreign exchange gain - net	21	81,697,020	57,260,424
Finance income	21	114,918,757	134,417,582
Gain on ROU asset retirement		1,070,614	—
Reversal of impairment on trade and other receivables	5	338,692	5,007,816
		198,025,083	196,685,822
PROFIT BEFORE TAX		2,518,334,126	3,130,473,448
INCOME TAX EXPENSE	16	111,023,754	82,011,082
PROFIT OR LOSS		₱2,407,310,372	₱3,048,462,366
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Remeasurement gain (loss) on defined benefit obligation	15	(13,785,739)	₱177,798
TOTAL COMPREHENSIVE INCOME		₱2,393,524,633	₱3,048,640,164
BASIC AND DILUTED EARNINGS PER SHARE	17	₱1,274.28	₱1,613.67

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.*(A 99.99% Owned Subsidiary of WIPRO IT SERVICES UK SOCIETAS)***STATEMENTS OF CHANGES IN EQUITY
FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020**

	Share capital (Note 17)	Retained earnings (Note 17)	Retirement benefits reserve (Note 15)	Total
Balances, April 1, 2019	P188,914,700	P6,462,890,621	P4,873,709	P6,656,679,030
Total comprehensive income for the year				
Net income for the year	—	3,048,462,366	—	3,048,462,366
PFRS16 Adjustment	—	(19,762,956)	—	(19,762,956)
Other comprehensive income	—	—	177,798	177,798
Balances, March 31, 2020	188,914,700	9,491,590,031	5,051,507	9,685,556,238
Total comprehensive income for the year				
Net income for the year	—	2,407,310,372	—	2,407,310,372
Other comprehensive income	—	—	(13,785,739)	(13,785,739)
Balances, March 31, 2021	P188,914,700	P11,898,900,403	(P8,734,232)	P12,079,080,871

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.
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STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P2,518,334,126	P3,130,473,448
Adjustments for:			
Depreciation	8,13,14	271,450,239	247,247,244
Depreciation on right-of-use assets	18,13,14	196,434,574	186,135,758
Unrealized foreign exchange loss - net		132,106,461	9,307,449
Interest paid on lease liabilities		30,309,936	39,360,124
Provision for retirement benefits	15	1,841,771	1,501,145
Reversal of impairment on receivables	5	(338,692)	(5,007,816)
Gain on ROU asset retirement		(1,070,614)	-
Finance income	21	(114,918,757)	(134,417,582)
Operating income before working capital changes		3,034,149,044	3,474,599,770
Decrease (increase) in assets:			
Trade and other receivables		312,705,527	208,088,112
Unbilled service fees		71,362,197	(33,350,548)
Prepayments		24,434,910	(35,152,291)
Increase (decrease) in liabilities:			
Trade and other payables		42,003,446	(74,635,357)
Unearned income		(1,706,361)	(2,429,263)
Due to parent and affiliates		(16,282,449)	(2,139,634)
		3,466,666,314	3,534,980,789
Income taxes paid		(111,486,158)	(68,988,815)
Retirement benefits paid		(3,212,918)	-
Interest received		113,516,612	131,700,590
Net cash provided by operating activities		3,465,483,850	3,597,692,564
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investment	6	202,680,000	4,615,820,000
Acquisitions of property and equipment	8	(323,077,556)	(280,254,176)
Proceeds from disposal of property and equipment		-	-
Change in rental deposits		1,369,933	(8,325,370)
Net cash provided by (used in) investing activities		(119,027,623)	4,327,240,454
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Lease liability		(230,313,514)	(218,997,757)
Inter-company loan	19	-	(8,124,800,000)
Net cash used in financing activities		(230,313,514)	(8,343,797,757)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,116,142,713	(418,864,739)
CASH AND CASH EQUIVALENTS, BEGINNING		265,886,185	711,148,585
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH HELD		278,937,337	(26,397,661)
CASH AND CASH EQUIVALENTS, ENDING		P3,660,966,235	P265,886,185

See Notes to the Financial Statements.



WIPRO PHILIPPINES INC.

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

1. Reporting Entity

Corporate information

Wipro Philippines Inc. (the Company) is domiciled in the Philippines and was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 2007. The Company was organized primarily to undertake and carry on the business of providing all kinds of information technology based and enabled services, electronic remote processing services, eService, including all types of internet-based/web enabled services, transaction processing, fulfillment services, business support services including but not limited to providing billing services, processing services, database services, data entry business- marketing services, business information and management services, training and consultancy services to the businesses, organizations, firms, corporations, trusts, local bodies, states, governments and other entities; to establish and operate service processing centers for providing services for back office and processing requirements, contacting and communicating to and on behalf of the customers by voice, data image, letters and to handle business process management, remote held desk management, remote management, remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/fax based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data; as well as to act as information technology consultants and to operate a high technology data processing center for providing information processing, analysis development accounting and business information and data to customers; to carry on the business of gathering, collating, compiling, processing, analyzing, distributing, selling, publishing data and information and including conduct of studies and research, and marketing of information and services and providing access to information regarding financial operations and management, financial services, investment services business and commercial operations, financial status, customer responses and management of businesses.

The Company is a 99.99% owned subsidiary of WIPRO IT SERVICES UK SOCIETAS (the Parent Company), an entity incorporated and domiciled in UK. The Parent Company is a wholly-owned subsidiary of Wipro Limited, an entity domiciled in Bangalore, India and is a publicly listed company in the Bombay Stock Exchange and National Stock Exchange in India and the New York Stock Exchange in the United States of America.

In 2007, the Company registered with the Philippine Economic Zone Authority (PEZA) as an enterprise engaged in call center and business process outsourcing services. In line with the PEZA registration, the Company is entitled to a four (4) year Income Tax Holiday (ITH) incentive from the start of the commercial operation for each qualified location with a two-year extension period, subject to PEZA approval. As at March 31, 2021, the Company has 7 operating offices registered with PEZA (Note 16).

The Company's registered office address is at Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St., Cebu Business Park, Cebu City, Philippines.

On May 7, 2018, the Company's name was changed from Wipro BPO Philippines Ltd. Inc. to Wipro Philippines Inc. through a board resolution approved by the majority vote of the board of directors. It was approved by SEC on June 29, 2018.



Date of authorization for issue of the audited financial statements

The 2021 audited financial statements were approved for release and issue on behalf of the BOD by the Company's Chairperson, Mr. Roy Aseem on June 08, 2021.

2. Basis of Preparation

Basis of accounting

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Details of the Company's significant accounting policies are included in Note 23.

Basis of measurement

The financial statements have been prepared on a historical cost basis of accounting, except for retirement benefits liability and other current liabilities which are measured at present value of defined benefits obligation (DBO) and at fair value, respectively.

Functional and presentation currency

The financial statements are presented in Philippine Peso (₱), which is the Company's functional currency. All amounts have been rounded to the nearest ₱, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these financial statements management has made judgments estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments in applying accounting policies that have the most significant effect in the amounts recognized in the financial statements is as follows:

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue operating for the foreseeable future.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, 12 months from the reporting date. Management is satisfied that the Company has the resources to continue its business operations for the foreseeable future, is not aware of any material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, among others.



Determining functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the PHP. The PHP is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the sale of services and the costs of these services.

Classification of financial instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The classification of financial assets and financial liabilities is presented in Note 21.

Determination Whether an Arrangement Contains a Lease.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under PFRS 16. On April 1, 2019, the Company has adopted PFRS 16, Leases, applied to all lease contracts outstanding as at April 1, 2019 using modified retrospective method by recording the cumulative effect of initial application as an adjustment to opening retained earnings. The Company has made use of the following practical expedient available on transition to PFRS 16, (a) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with PAS 17 and IFRIC-4 will continue to be applied to those leases entered or modified before April 1, 2019. (b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right to use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application (c) excluded the initial direct costs from measurement of the ROU asset (d) Not to recognize ROU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

The details of these lease agreements are disclosed in Note 18.

Retirement Benefits

The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by the actuaries in calculating such amounts. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expenses and recorded liability in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement cost and retirement benefits payable.

As at March 31, 2021 and 2020, the retirement benefits payable amounted to ₱17.66 million and ₱5.25 million, respectively. Retirement benefits expense in 2021 and 2020 amounted to ₱1.8 million and ₱1.5 million, respectively (Note 15).



Estimation uncertainties

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Allowance for impairment losses on receivables

The Company maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the related accounts. These factors include, but are not limited to, the length of the Company's relationship with its customers or debtor, their payment behavior and known market factors and other forward-looking information available. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates.

The Company recognized reversal of impairment of ₱0.34 million in 2021 and ₱5.01 million in 2020. Total allowance for impairment losses on receivables amounted to ₱4.18 million and ₱4.51 million as at March 31, 2021 and 2020, respectively (Note 5).

Trade and other receivables, net of allowance for impairment losses, amounted to ₱8,290.20 million and ₱8,911.79 million as at March 31, 2021 and 2020, respectively (Note 5).

Estimating useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying values of property and equipment as at March 31, 2021 and 2020 amounted to ₱688.85 million and ₱637.22 million, respectively (Note 8).

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

As at March 31, 2021 and 2020, no impairment losses have been recognized with respect to the Company's property and equipment. The net book values of property and equipment are disclosed in Note 8.



Fair value of financial instruments

Certain financial liability is required to be carried at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

The Company's other current assets/liabilities are carried at fair value (Note 21).

Fair Value Measurements

The Company measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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



4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash in banks	₱1,777,404,347	₱259,010,817
Cash equivalents	1,883,561,888	6,875,368
	₱3,660,966,235	₱265,886,185

Cash in banks earns interest at prevailing bank interest rates ranging from 0.01% to 0.31% per annum.

Finance income earned from cash and cash equivalents & short-term investments amounted to ₱3.46 million and ₱106.66 million in 2021 and 2020, respectively. Bank charges from cash and cash equivalents amounted to ₱4.76 million and ₱7.12 million in 2021 and 2020, respectively. Net foreign exchange loss recognized for cash and cash equivalents and short-term investments amounted to ₱68.12 million and ₱227.27 million in 2021 and 2020, respectively (Notes 6 and 21).

5. Trade and Other Receivables, Net

This account consists of:

	Note	2021	2020
Due from Parent Company and affiliates	19	₱7,911,295,513	₱8,375,517,608
Trade receivables		351,638,750	510,004,235
Advances to suppliers		12,435,753	12,685,889
Due from government agencies		16,654,321	10,899,296
Advances to officers and employees		1,999,292	7,165,238
Interest receivable		353,446	32,258
		8,294,377,075	8,916,304,524
Less allowance for impairment losses		4,177,024	4,515,716
		₱8,290,200,051	₱8,911,788,808

Trade receivables represent noninterest-bearing receivables arising from the Company's main source of business.

Advances to suppliers mainly consists of advance rental payments to landlords, as well as payments made by the Company for purchases of supplies and equipment with usual credit terms of 30 days.

Advances to officers and employees represent salary advances and business travel advances subject to liquidation.

Movements in the allowance for impairment losses are as follows:

	Note	2021	2020
Balance at April 1		₱4,515,716	₱9,523,532
Impairment (reversal) during the year	21	(338,692)	(5,007,816)
Balance at March 31		₱ 4,177,024	₱4,515,716

Net foreign exchange loss recognized from trade and other receivables amounted to ₱365.16 million and ₱46.49 million in 2021 and 2020, respectively (Note 21).



6. Short-term Investments

Short-term investments amounting to nil and ₱202.68 million as at March 31, 2021 and 2020, respectively, pertained to a certificate of fixed deposit with Australia and New Zealand Banking Group Limited - Manila Branch with maturity of less than one year. It earns interest ranging from 0.74% p.a. to 0.82% p.a..

Interest income on short-term investments is presented as part of finance income in the statement of profit or loss and other comprehensive income (Notes 4 and 21).

7. Unbilled Service Fees

Unbilled service fees of ₱205.60 million and ₱284.60 million in 2021 and 2020, respectively, represent revenues recognized to date which are not yet billable to the customers pursuant to the contractual terms of the project.



8. Property and Equipment, Net

March 31, 2021	IT equipment	Office fixtures	Transportation equipment	Leasehold improvements	Total
<i>Cost</i>					
Balance at April 1, 2020	P1,107,117,347	P445,273,410	P900,000	P730,453,410	P2,283,744,167
Additions	283,886,616	31,451,339	—	7,739,601	323,077,556
Reclassification	3,076,505	(3,076,505)	—	—	—
Balance at March 31, 2021	1,394,080,468	473,648,244	900,000	738,193,011	2,606,821,723
<i>Accumulated depreciation and amortization</i>					
Balance at April 1, 2020	884,680,279	164,949,080	900,000	595,993,815	1,646,523,174
Depreciation	157,000,002	62,334,777	—	52,115,460	271,450,239
Reclassification	273,475	(273,475)	—	—	—
Balance at March 31, 2021	1,041,953,756	227,010,382	900,000	648,109,275	1,917,973,413
Carrying amount at March 31, 2021	P352,126,712	P246,637,862	P—	P90,083,736	P688,848,310
March 31, 2020					
<i>Cost</i>					
Balance at April 1, 2019	P996,793,794	P316,277,095	P900,000	P689,519,102	P2,003,489,991
Additions	110,323,553	128,996,315	—	40,934,308	280,254,176
Balance at March 31, 2020	1,107,117,347	445,273,410	900,000	730,453,410	2,283,744,167
<i>Accumulated depreciation and amortization</i>					
Balance at April 1, 2019	758,598,716	112,009,341	900,000	527,767,873	1,399,275,930
Depreciation	126,081,563	52,939,739	—	68,225,942	247,247,244
Balance at March 31, 2020	884,680,279	164,949,080	900,000	595,993,815	1,646,523,174
Carrying amount at March 31, 2020	P222,437,068	P280,324,330	P—	P134,459,595	P637,220,993



The Company disposed property and equipment with aggregate carrying amounts of nil in 2021 and 2020.

Depreciation expenses is allocated as follows:

	<i>Note</i>	2021	2020
Depreciation expense			
Property and equipment		P271,450,239	P247,247,244
Right-of-use assets	18	196,434,574	186,135,758
		467,884,813	433,383,002
Allocation			
Cost of services	13	445,117,854	P424,088,266
Operating expenses	14	22,766,959	9,294,736
		P467,884,813	P433,383,002

No items of property and equipment were used as collateral for liabilities and the Company does not have any contractual commitments to purchase or construct items of property and equipment as at March 31, 2021 and 2020.

Management believes that there is no indication of impairment on the Company's property and equipment and that its carrying amount can be recovered through use in operations.

9. Trade and Other Payables

This account consists of:

	2021	2020
Accrued expenses	P572,167,181	P518,520,073
Account payable	81,428,622	30,967,584
Due to government agencies	32,912,191	28,344,153
Withholding taxes	12,719,973	9,329,049
Advances from customers	3,094,347	21,857,227
Payable to officers and employees	2,166,367	6,831,479
Others	21,388,342	37,470,880
	P725,877,023	P653,320,445

Accrued expenses account consists of:

	2021	2020
General expenses	P304,661,085	P264,115,072
Salaries payable	194,798,927	173,030,726
Leave encashment	60,019,636	63,276,752
Bonus payable	12,687,533	18,097,523
	P572,167,181	P518,520,073

Accounts payable includes vendor payable towards contractual staff cost, communications, housekeeping and maintenance, security, etc.

General expenses are provisions for certain expenses such as electricity, repairs, communication and other operating expenses.



Advances from customers represent amounts received for services that are still to be rendered by the Company. These are noninterest-bearing and expected to be rendered within the next 12 months.

“Others’ includes liability to ex-employees on account of stale cheques and other payables.

Net foreign exchange gain recognized from trade and other payables amounted to ₱1.28 million in 2021 and net foreign exchange loss of ₱0.001 million recognized in 2020 (Note 21).

10. Other Current Assets (Liability)

	2021	2020
Foreign currency forward contracts receivable	₱10,072,804	₱41,066,224
Foreign currency forward contracts payable	(32,724,410)	–
	(₱22,651,606)	₱41,066,224

The Company monitors and manages the financial risk relating to its operation by analyzing its foreign exchange exposure due to its probable future sales in USD. As such, The Company entered into various non-deliverable forward contracts to mitigate the effects of foreign currency fluctuation because the Company's revenue is denominated in foreign currency in US dollars while substantial costs are in PHP.

As at March 31, 2021, the Company has 10 outstanding non-deliverable forward contract to sell US\$138 million for ₱6,678.97 million. Unrealized foreign exchange loss from the forward transaction amounted to ₱32,724,410.

As at March 31, 2021, the Company has 7 outstanding non-deliverable forward contract to sell US\$106 million for ₱5,138.94 million where Unrealized foreign exchange gain from the forward transaction amounted to ₱10,072,804.

As at March 31, 2020, the Company has 7 outstanding non-deliverable forward contracts to sell US\$176 million for ₱8,997.355 million. Unrealized foreign exchange gain from this forward transaction amounted to ₱41,066,224.

Net foreign exchange gain recognized from other current assets (liability) and assets amounted to ₱520 million in 2021 and ₱378.18 million in 2020 (Note 21).

11. Service Fees

This account consists of:

	Note	2021	2020
Third parties		₱4,586,750,394	₱5,150,915,785
Related parties	19	2,001,606,311	2,048,915,102
		₱6,588,356,705	₱7,199,830,887

Service fees pertain to the sale of services to entities outside the domestic territory of the Philippines. These services include handling of inbound calls, outbound calls, and data entry among other business support services.

Remaining Performance Obligations



As at March 31, 2021 and 2020, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria, were P171 million and P20.9 million, respectively, of which approximately 94% and 100%, respectively, is expected to be recognized as revenues within two years, and the remainder thereafter. This includes contracts with a substantive enforceable termination penalty if the contract is terminated without cause by the customer, based on an overall assessment of the contract carried out at the time of inception. Historically, customers have not terminated contracts without cause.

Service fees and Other fees (Note 12) are further disaggregated as follows:

	2021	2020
Time and materials contracts	P6,431,187,360	P7,038,008,642
Fixed-price contracts	193,885,926	227,446,886
	P6,625,073,286	P7,265,455,528

12. Other Fees

This account consists of the following charges which were reimbursed by the Company's clients:

	2021	2020
Communication links	P23,075,822	P39,189,024
Incentives and rewards	13,265,786	20,488,245
Travel	—	326,145
Other reimbursements	374,973	5,621,227
	P36,716,581	P65,624,641

Communication links include charges for the Company's internet service provider and telephone bills related to its operations.

Incentives and rewards are fees billed to the customers per contractual arrangement.

Travel charges include travel and other reimbursements by the Company to its employees in the conduct of their services which are billable to clients.

Disaggregation of 'Other fees' is disclosed in Note 11.



13. Cost of Services

This account consists of:

	Note	2021	2020
Direct labor		₱2,634,900,473	₱2,799,701,889
Service overheads:			
Depreciation	8,18	445,117,854	424,088,266
Communication		271,471,981	126,082,910
Travel		130,272,523	28,427,587
Contractual staff		81,043,732	103,964,838
Technical support and maintenance		67,894,319	75,956,619
Power, light and water		42,970,715	85,008,905
Interest expense on lease liabilities		28,977,731	38,730,955
Rent	18	2,523,092	11,332,647
Other service overhead		28,888,881	38,562,943
		1,099,160,828	932,155,670
		₱3,734,061,301	₱3,731,857,559

Other service overhead includes recruitment expenses, legal and professional fees, and other miscellaneous expenses.

14. Operating Expenses

This account consists of:

	Note	2021	2020
Outside services		₱221,145,593	₱212,857,147
Salaries and wages		124,974,467	149,614,393
Employee benefits		63,925,468	67,793,562
Professional fee		32,013,574	37,648,380
Contractual staff		25,386,655	16,740,876
Taxes and licenses		25,143,718	17,813,216
Depreciation	8,18	22,766,959	9,294,736
Communication		13,135,368	5,655,213
Travel and transportation		11,714,415	5,591,824
Repairs and maintenance		11,653,878	27,240,635
Bank charges		4,763,392	7,123,603
Power, light and water		3,213,219	1,251,146
Insurance		2,665,093	10,376,615
Contribution to government agencies		2,244,916	3,483,973
Interest expense on lease liabilities		1,332,205	629,169
Stationery and office supplies		1,220,255	18,320,458
Rent	18	243,258	7,155,534
Representation and entertainment		—	369,949
Miscellaneous expenses		3,160,509	849,914
		₱570,702,942	₱599,810,343



15. Retirement Benefits

The Company maintains an unfunded and noncontributory defined benefits retirement plan for all qualified employees which is based on the requirements of Republic Act (RA) No. 7641, Retirement Pay Law. Under the retirement plan, the total retirement benefits attributed to employees will be amortized based employee's remaining working lives. These amounts are calculated by an independent qualified actuary on April 3, 2021.

The following table shows a reconciliation from the opening balances to the closing balances for retirement benefits liability and its components.

	2021	2020
Balance at April 1	₱5,248,246	₱3,924,899
Included in profit or loss		
Current service cost	1,613,895	1,259,647
Net interest on the net defined benefit liability	227,876	241,498
	1,841,771	1,501,145
Included in OCI		
Remeasurement loss (gain) arising from:		
Demographic assumptions	6,908,154	(1,581,664)
Financial assumptions	2,641,754	1,181,135
Experience adjustment	4,235,831	222,731
Net remeasurement loss (gain)	13,785,739	(177,798)
Benefits paid	-3,212,918	—
Balance at March 31	₱17,662,838	₱5,248,246

Cumulative remeasurements on defined benefit liability follows:

	2021	2020
Balance at April 1	₱5,051,507	₱4,873,709
Net remeasurement gain (loss)	(13,785,739)	177,798
Balance at March 31	(₱8,734,232)	₱5,051,507

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2021	2020
Discount rate	3.21%	4.35%
Expected rate of salary increases	3.50%	2.00%

The weighted-average duration of the defined benefits obligation is 14 years and 11 years as at March 31, 2021 and 2020, respectively.



Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(P16,479,648)	P18,959,116	(P4,977,227)	P5,540,235
Future salary growth (0.5% movement)	18,949,854	(16,476,426)	5,545,783	(4,969,834)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The plan is of a final salary defined benefit in nature which is sponsored by the Company, hence, it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience can result in an increase in cost of providing these benefits to employees in the future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Retirement benefit expense is allocated as follows:

	Note	2021	2020
Cost of services (part of direct labor)	13	P1,764,368	P1,478,684
Operating expenses (part of employee benefits)	14	77,403	22,461
		P1,841,771	P1,501,145

16. Income Taxes

As disclosed in Note 1, the Company has ITH for four years from the start of the commercial operation for its qualified locations with a two-year extension period, subject to PEZA approval. Hence, the Company has no taxable income for the PEZA registered activities until the expiry of each location's ITH incentive. The Company, however, is still subject to regular corporate income tax (RCIT) on income from unregistered activities.

Location	Date of PEZA Approval	Start of Commercial operations	Date of ITH expiration*
Cebu IT Tower 1, Cebu City	Nov. 2007	Mar. 2008	Feb. 2014
Eton 1, Quezon City	Sep. 2009	Mar. 2010	Feb. 2016
Eton 5 Manila**	Oct. 2019	Applied	Sep. 2025
Cebu IT Tower 2, Cebu City	Sep. 2015	Aug. 2015	Jul. 2021
GAGFA 9 to 12 floor	Oct. 2013	Oct. 2013	Sep. 2019
GAGFA 15 floor, Cebu city***	Apr. 2018	May 2018	Apr. 2021
CBP - IT Park, Cebu city	Aug. 2018	Aug. 2018	Jul. 2024

* The above is including the two year extension of the ITH incentive.

** Since the new project is also located in ETON Centris there is no need to amend the registration certificate. ETON centris will cover both project at Cyberpod 1 & Cyberpod 5

*** two year extension of ITH incentive not applicable



After the expiration of each location's ITH, the Company is subject to the preferential tax rate of 5%, except for income derived from unregistered activities which is subject to the RCIT of 30% or the minimum corporate income tax of 2% (whichever is higher). The 5% preferential income tax rate is applied on gross revenues net of certain deductions specifically provided under RA No. 7916, Special Economic Zone Act of 1995, in lieu of all national and local taxes.

The provision for income tax consists of:

	2021	2020
Current	P115,258,690	P77,776,148
Deferred	(4,234,936)	4,234,934
	P111,023,754	P82,011,082

Details of deferred tax asset (DTA) and deferred tax liabilities are as follows:

	April 1, 2019	Effect upon adoption of PFRS 16	Credited (charged) to Profit and loss	March 31, 2020	Credited (charged) to Profit and loss	March 31, 2021
DTA - Effect of PFRS 16 adoption	P-	P19,366,726	(P4,234,934)	P15,131,792	P4,234,936	P19,366,728
DTL - Effect of PFRS 16 adoption	P-	(P10,896,853)	P-	(P10,896,853)	P-	(P10,896,853)
	P-	P8,469,873	(P4,234,934)	P4,234,939	P4,234,936	P8,469,875

The reconciliation of the income tax on pre-tax income computed using the 5% special rate to income tax expense recognized in profit or loss is as follows:

	2021	2020
Profit before tax	P2,518,334,126	P3,130,473,448
Tax using the Company's special tax rate of 5%	125,916,706	156,523,672
Tax effect on:		
Non-deductible expenses	46,163,090	36,344,165
Temporary differences	9,072,874	4,234,934
Nontaxable income	(4,084,851)	(2,863,021)
Interest income already subjected to final tax	(5,745,938)	(6,720,879)
Income under ITH	(60,298,127)	(105,507,789)
	P111,023,754	P82,011,082

17. Equity and Earnings per Share

Share capital

Details of share capital as at March 31, 2021 and 2020 are as follows:

	2021		2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorized, at par value of P100 per share	2,250,000	P225,000,000	2,250,000	P225,000,000
Issued and outstanding	1,889,147	P188,914,700	1,889,147	P188,914,700

Retained earnings



Under the Philippine Corporation Code (the Code), stock corporations are prohibited from retaining surplus profits in excess of 100% of paid-up capital, except when justified by any of the reasons mentioned in the Code. As at March 31, 2021 and March 31, 2020, the Company's retained earnings in excess of its paid-up capital amounting to P11,709.99 million and P9,302.67 million, respectively.

Earnings per share

	2021	2020
Income for the year attributable to ordinary equity holders of the Company	P2,407,310,372	P3,048,462,366
Weighted average number of shares outstanding	1,889,147	1,889,147
Basic and diluted earnings per share	P1,274.28	P1,613.67

There were no dilutive potential ordinary shares for the fiscal years ended March 31, 2021 and 2020. Therefore, the Company's weighted average number of share outstanding were equal for the years ended March 31, 2021 and 2020.

18. Leases

Company as a Lessee

The Company entered into several lease agreements with third party for the lease of its office spaces in Cebu & Manila. Lease payments are subject to escalation of 5% at different periods of the contracts. The lease agreements are for 5 years and are renewable under new terms and conditions to be agreed upon by the Company and the lessors. The lease obligation is subject to an interest rate of 4.23% - 7.4%.

Analysis of the contractual undiscounted cash flow of the lease is shown below.

	2021	2020
Within one year	P212,528,140	P205,525,914
After one year but not more than five years	182,372,151	327,991,899
	P394,900,291	P533,517,813



Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

Gross Carrying Amount	Building	Transportation	Total
Balance at April 1, 2020	607,270,250	1,559,565	608,829,815
Additions	90,181,347	—	90,181,347
Disposals	(32,664,296)	—	(32,664,296)
Reclassification/Adjustment	(1,160,194)	—	(1,160,194)
Balance at March 31, 2021	663,627,107	1,559,565	665,186,672
Accumulated depreciation and amortization			
Balance at April 1, 2020	185,875,831	259,927	186,135,758
Depreciation	195,914,434	520,140	196,434,574
Disposals	(32,664,296)	—	(32,664,296)
Reclassification/Adjustment	481	—	481
Balance at March 31, 2021	349,126,450	780,067	349,906,517
Net Carrying Amount at March 31, 2021	₱314,500,657	₱779,498	₱315,280,155

March 31, 2020

Balance at April 1, 2019	₱504,986,760	₱—	₱504,986,760
Additions	102,283,490	1,559,565	103,843,055
Depreciation and amortization	(185,875,831)	(259,927)	(186,135,758)
Balance at March 31, 2020	₱421,394,419	₱1,299,638	₱422,694,057

Lease liabilities

Set out below are the carrying amounts of lease liabilities the movements during the period:

March 31	2021	2020
Finance lease payable		
As at April 1	₱533,517,813	₱633,230,499
Additions	95,191,119	119,285,071
Payments	(230,313,514)	(218,997,757)
Adjustments	(3,495,127)	—
Balance at March 31	394,900,291	533,517,813
Unamortized Interest on finance lease		
As at April 1	50,090,001	72,248,049
Additions	6,005,178	17,202,076
Amortized	(30,309,936)	(39,360,124)
Adjustment	(1,263,838)	—
Balance at March 31	24,521,405	50,090,001
Net finance lease payable	₱370,378,886	₱483,427,812
	2021	2020
Current	₱196,611,176	₱177,673,003
Non-current	173,767,710	305,754,809
	₱370,378,886	₱483,427,812

Short-term and leases of low-value assets



Rent expense account pertains to payments classified as short-term leases and leases of low-value assets amounting to ₱2.64 million and ₱18.48 million in 2021 and 2020, respectively.

Present value of rental deposits, equivalent to 3 months' rent amounting to ₱51.64 million and ₱52.60 million in 2021 and 2020, were paid to the lessors and recorded as noncurrent assets in the statement of financial position. It shall be refunded, interest-free, 60 days after expiration or termination of the lease agreements.

Interest income recognized from the amortization of discount on rent deposits amounted to ₱1.40 million in 2021 and ₱2.72 million in 2020 (Note 21).

19. Related Party Transactions

Identity of Related Parties

The Company's related parties include the BOD members, key management personnel (KMP) and the following entities:

<u>Related Parties</u>	<u>Relationship</u>
Wipro Limited	Ultimate Parent Company
Wipro IT Services UK Societas	Parent Company
Wipro LLC	Affiliate
Wipro Dalian Ltd.	Affiliate
Wipro Technologies SRL	Affiliate
Health plan Services Inc.	Affiliate
Wipro Travel Services Ltd	Affiliate
Wipro Solutions Canada Limited	Affiliate

The Company considers any company as an affiliate if they are the subsidiaries of the ultimate parent company.



Balances and transactions with related parties

Balances and transactions with related parties are presented below:

Related parties	Year	Net transactions during the year	Service fees (Note 11)	IC Loan	Other costs	Outstanding Balances		Terms and conditions
						Due from parent and affiliate	Due to parent and affiliate	
Wipro Limited	2021	(₹357,951,697)	₹1,879,930,896	₹—	₹—	₹92,385,595	₹—	Unsecured and due on demand; No impairment
	2020	(₹244,131,570)	₹1,735,776,416	₹—	₹—	₹206,205,722	₹—	
Wipro LLC	2021	(340,717,940)	56,701,432	—	23,664,527	7,794,325,110	—	Unsecured and due on demand; No impairment
	2020	8,108,671,997	266,598,945	8,124,800,000	25,037,091	8,135,043,050	—	
Wipro Dalian Ltd.	2021	(9,510,040)	—	—	—	—	—	Unsecured and due on demand; No impairment
	2020	6,753,950	—	—	(1,116,797)	—	9,510,040	
Wipro Technologies SRL	2021	(7,579,942)	—	—	—	—	—	Unsecured and due on demand; No impairment
	2020	7,579,942	—	—	(7,758,176)	—	7,579,942	
Wipro Travel Services Ltd	2021	—	—	—	—	—	—	Unsecured and due on demand; No impairment
	2020	(27,763)	—	—	—	—	—	
Health plan Services Inc.	2021	(9,684,028)	64,973,983	—	—	24,584,808	—	Unsecured and due on demand; No impairment
	2020	34,268,836	46,539,741	—	—	34,268,836	—	
Wipro Solutions Canada Ltd.	2021	—	—	—	—	—	922,436	Unsecured and due on demand; No impairment
	2020	—	—	—	—	—	—	
Wipro Digital (Div. of Wipro Ltd.)	2021	(58,545)	—	—	—	—	—	Unsecured and due on demand; No impairment
	2020	58,545	—	—	—	—	58,545	
Key management personnel	2021	8,239,840	—	—	—	—	—	—
	2020	7,533,974	—	—	—	—	—	
Total	2021		₹2,001,606,311	₹—	₹23,664,527	₹7,911,295,513	₹922,436	
Total	2020		₹2,048,915,102	₹8,124,800,000	₹16,162,118	₹8,375,517,608	₹17,148,527	

All outstanding related party balance will be settled in cash.



Services and other costs

In the normal course of business, the Company performs services to its Ultimate Parent Company and affiliate. The amount of transactions with related parties are as follows:

	2021	2020
Balance at April 1	₱8,358,369,081	₱473,924,492
Service billings	2,001,606,311	2,048,915,102
IC Loan	–	8,124,800,000
Collections	(2,473,266,842)	(2,305,432,631)
Others	23,664,527	16,162,118
Balance at March 31	₱7,910,373,077	₱8,358,369,081

Interest income from IC loan amounted to ₱110 million and ₱25 million in 2021 and 2020, respectively. Net foreign exchange loss recognized from transactions with related parties amounted to ₱349.47 million and ₱47.16 million in 2021 and 2020, respectively (Note 21).

Compensation of key management personnel (KMP)

Short-term employee benefits given to KMP are as follows:

	2021	2020
Salaries and wages	₱5,696,459	₱5,152,512
Employees' benefits	2,543,381	2,381,462
	₱8,239,840	₱7,533,974

20. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The BOD has overall responsibility for monitoring of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The capital structure of the Company comprises share capital and retained earnings.

No changes were made in the objectives, policies or processes in 2021 and 2020. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using a ratio of 'adjusted net debt' to total equity. For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's policy is to keep the ratio below 1.00. The Company's adjusted net debt to equity ratio at March 31 are as follows:

	2021	2020
Total debt	₱1,188,014,673	₱1,197,667,491
Less cash and cash equivalents	3,660,966,235	265,886,185
Adjusted net debt	(2,472,951,562)	931,781,306
Divided by total equity	₱12,079,080,871	₱9,685,556,238
Adjusted net debt to equity ratio	(0.20)	0.10



21. Financial Instruments and Risk Management Objectives and Policies

A. Financial instruments

The following table shows the carrying values and fair values of the Company's financial assets and financial liabilities held by category as of March 31:

	2021		2020	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents	₱3,660,966,235	₱3,660,966,235	₱265,886,185	₱265,886,185
Trade and other receivables - net	8,290,200,051	8,290,200,051	8,911,788,808	8,911,788,808
Short-term investment	—	—	202,680,000	202,680,000
Unbilled service fees	205,609,217	205,609,217	284,605,521	284,605,521
Rental deposits	51,638,152	51,638,152	52,601,347	52,601,347
<i>Financial assets at FVPL</i>				
Other current assets	10,072,804	10,072,804	41,066,224	41,066,224
	₱12,218,486,459	₱12,218,486,459	₱9,758,628,085	₱9,758,628,085
Financial liabilities				
<i>Financial liabilities at amortized cost</i>				
Trade and other payables*	₱680,244,859	₱680,244,859	₱615,647,243	₱615,647,243
Due to parent and affiliates	922,436	922,436	17,148,527	17,148,527
<i>Financial liabilities at FVPL</i>				
Other current liability	32,724,410	32,724,410	—	—
	₱713,891,705	₱713,891,705	₱632,795,770	₱632,795,770

*excluding due to government agencies

The carrying values of cash and cash equivalents, short-term investment, trade and other receivables, unbilled service fees, trade and other payables, and due to parent and affiliates approximate their fair values due to short-term maturity of these financial assets and liabilities.

The fair value of other current assets/liability is determined based on observable market inputs including currency spot and forward rate, currency volatility, etc.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The Company has valued the financial instruments based on level 1, 2 & 3, wherever applicable (Note 3). The Company's other current assets/liability are based on level 2 fair value hierarchy.

The income and expense recognized from financial instruments follows:

	Note	2021	2020
Finance income			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents and short-term investment	4	₱3,460,324	₱106,663,499
Interest Income on IC loan	19	110,056,288	25,037,091
Rental deposits	18	1,402,145	2,716,992
		₱114,918,757	₱134,417,582



	Note	2021	2020
Impairment loss (reversal)			
<i>Financial assets at amortized cost</i>			
Trade and other receivables - net	5	(P338,692)	(P5,007,816)
Bank charges			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents	4	P4,764,417	P7,127,580
Foreign exchange gain (loss) - net			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents and short term investments	4	(P68,118,722)	(P227,270,121)
Trade and other receivables	5	(365,165,011)	(46,485,296)
<i>Financial liabilities at amortized cost</i>			
Trade and other payables	9	1,285,841	(969)
Due to parent and affiliates	19	(6,270,415)	(47,161,957)
<i>Financial assets & liabilities at FVPL</i>			
Other current assets & liabilities	10	519,965,327	378,178,767
		P 81,697,020	P57,260,424

B. Risk management objectives and policies

The Company's principal financial instruments comprise of cash and cash equivalents, short-term investment, trade and other receivables, unbilled service fees, rental deposits, trade and other payables (excluding due to government agencies), and due to parent and affiliates. The main purpose of these financial instruments is to raise finances for the Company's operations.

The main risks arising from the financial instruments of the Company are credit risk, liquidity risk and market risk. There has been no change to the Company's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Company's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and nontrade receivables.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk from other financial assets of the Company, which mainly comprise of due from related parties, the exposure of the Company to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments

There is no other significant concentration of credit risk in the Company.



The aging analysis of the Company's financial assets as at March 31, 2021 and 2020 are as follows:

	Total	Neither past due nor impaired	Past due but not impaired		Impaired
			2 months to 1 Year	More than 1 Year	
Cash and cash equivalents	P3,660,966,235	P3,660,966,235	P—	P—	P—
Trade and other receivables	8,294,377,075	8,192,666,770	82,455,541	15,077,740	4,177,024
Short-term investments	—	—	—	—	—
Unbilled service fees	205,609,217	205,609,217	—	—	—
Rental deposits	51,638,152	51,638,152	—	—	—
March 31, 2021	P12,212,590,679	P12,110,880,374	P82,455,541	P15,077,740	P4,177,024
Cash and cash equivalents	P265,886,185	P265,886,185	P—	P—	P—
Trade and other receivables	8,916,304,524	8,737,089,476	160,808,747	13,890,585	4,515,716
Short-term investments	202,680,000	202,680,000	—	—	—
Unbilled service fees	284,605,521	284,605,521	—	—	—
Rental deposits	52,601,347	52,601,347	—	—	—
March 31, 2020	P9,722,077,577	P9,542,862,529	P160,808,747	P13,890,585	P4,515,716

The credit quality of the Company's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Company's receivables that are impaired as of March 31, 2021 and 2020 and the movement of the allowance used to record the impairment losses are disclosed in Note 5 to the financial statements.

Analysis of the amounts of receivables by risk grade as at March 31 are set out below:

	2021	2020
High grade	P8,275,122,311	P8,897,898,223
Standard grade	15,077,740	13,890,585
Substandard grade	4,177,024	4,515,716
	P8,294,377,075	P8,916,304,524

The credit grades used by the Company in evaluating the credit quality of its receivables to customers and other parties are the following:

High Grade - these are receivables which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Standard Grade - these are receivables where collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

Substandard Grade - these are receivables where the counterparties are, most likely, not capable of honoring their financial obligations but can still be collected provided the Company makes persistent effort to collect them.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due.



The Company seeks to manage its liquidity profile through cash planning to be able to finance its operating capital expenditures and debt servicing requirements. The Company uses historical forecasts from its collections and disbursements. The following table summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments:

	Total	On demand	Within 1 year	More than 1 year
March 31, 2021				
Trade and other payables	P680,244,859	P—	P680,244,859	P—
Due to parent and affiliates	922,436	922,436	—	—
	P681,167,295	P922,436	P680,244,859	P—
March 31, 2020				
Trade and other payables	P615,647,243	P—	P615,647,243	P—
Due to parent and affiliates	17,148,527	17,148,527	—	—
	P632,795,770	P17,148,527	P615,647,243	P—

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Company will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other risks.

Foreign currency risk

Foreign currency risks arise when transactions are denominated in foreign currencies.

Exposure to foreign currency risk arises from U.S. dollar (USD) cash holdings being maintained by the Company. To mitigate the Company's risk exposure, USD cash flows are being monitored on a regular basis.

International standard three letter codes follow:

Currency	International 3-letter code
US Dollar	USD
British Pound	GBP
Australian Dollar	AUD
Canadian Dollar	CAD
Euro	EUR
Malaysian Ringgit	MYR
United arab Emirates Dirham	AED
Indian Rupee	INR
Singapore Dollar	SGD



The Company's exposure to foreign currency risk follows:

March 31, 2021	USD	GBP	AUD	CAD	EUR	MYR	AED	INR	SGD	Total PHP Equivalent
Financial Assets										
Cash and cash equivalents	₱74,923,201	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱3,635,648,308
Short-term investments	—	—	—	—	—	—	—	—	—	—
Trade and other receivables	3,794,418	152,493	888,962	—	—	—	—	—	367,626	240,428,216
Due from parent and affiliates	162,939,397	—	—	—	—	—	—	(29,289,281)	—	7,887,195,552
Unbilled service fee	4,075,189	59,257	105,612	—	—	—	—	—	—	205,609,217
	245,732,205	211,750	994,574	—	—	—	—	(29,289,281)	367,626	11,968,881,293
Financial Liabilities										
Trade and other payables*	2,135,804	—	66,000	—	—	—	—	1,259,130	48,925	108,776,534
Due to parent and affiliates	—	—	—	23,950	—	—	—	—	—	922,436
Unearned income	—	2,150	—	—	—	—	—	—	—	145,602
	2,135,804	2,150	66,000	23,950	—	—	—	1,259,130	48,925	109,844,572
	₱243,596,401	₱209,600	₱928,574	(₱23,950)	₱—	₱—	₱—	(₱30,548,411)	₱318,701	₱11,859,036,721
March 31, 2020										
Financial Assets										
Cash and cash equivalents	₱3,706,491	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱157,774,757
Short-term investments	4,000,000	—	—	—	—	—	—	—	—	202,680,000
Trade and other receivables	8,496,510	1,355,963	688,808	—	—	—	—	23,510	536,978	558,928,225
Due from parent and affiliates	165,237,884	—	(294)	—	—	—	—	(37,459,722)	(146,315)	8,341,248,772
Unbilled service fee	5,505,651	—	—	—	54,464	—	—	—	73,651	285,714,051
	186,946,536	1,355,963	688,514	—	54,464	—	—	(37,436,212)	464,314	9,546,345,805
Financial Liabilities										
Trade and other payables*	1,646,601	45,210	203,165	—	—	—	—	839,835	—	93,181,342
Due to parent and affiliates	334,757	—	—	—	—	—	—	—	—	17,089,982
Unearned income	—	31,050	—	—	—	—	—	—	—	1,851,962
	1,981,358	76,260	203,165	—	—	—	—	839,835	—	112,123,286
	₱184,965,178	₱1,279,703	₱485,349	₱—	₱54,464	₱—	₱—	(₱38,276,047)	₱464,314	₱9,434,222,519

*Excluding due to government agencies



A reasonably possible strengthening (weakening) of the PHP against all other currencies at March 31 would have affected the measurement of the financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Profit or loss	
	Strengthening 10%	Weakening (-10%)
March 31, 2021		
USD	P1,182,538,729	(P1,182,538,729)
GBP	1,400,942	(1,400,942)
INR	(2,028,549)	2,028,549
AUD	3,431,869	(3,431,869)
SGD	1,150,627	(1,150,627)
CAD	(92,282)	92,282
	P1,186,401,336	(P1,186,401,336)
March 31, 2020		
USD	P937,209,242	P(937,209,242)
GBP	8,004,758	(8,004,758)
INR	(2,568,131)	2,568,131
AUD	1,497,634	(1,497,634)
SGD	1,648,457	(1,648,457)
EUR	301,936	(301,936)
	P946,093,896	(P946,093,896)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Exposure on interest rate risk arises from the Company's deposits with banks.

Interest rate sensitivity

The following table illustrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant for 2021. These changes are considered to be reasonably possible based on observation of current market conditions:

	Increases/decrease in interest rate (basis points)	Effect on profit before Tax
Cash and cash equivalents	100	2,494,095
Inter-Company loan	100	19,325,875
	(100)	(21,819,970)

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It has also the overall responsibility for the development of risk strategies principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.



The Company is organized into the following operating segments:

1. ITES/BPO services business segment,
2. Corporate services segment.

ITES/BPO Service Segment

The ITES/BPO Services segment primarily consists of BPO Service offerings to customers.

Corporate Services Segment

This segment consists of central activities being undertaken in nature of business support activities like HR support services, Finance and treasury services and overall corporate related expenses.

The Country Head of the Company has been identified as the Chief Operating Decision Maker (“CODM”) as defined by PFRS 8, “Operating Segments.” The Country Head of the Company evaluates the segments based on their revenue growth and operating income.

Assets and liabilities used in the Company’s business are not identified to any of the operating segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Information on reportable segment for the year ended March 31, 2021 is as follows:

	In Million		
	ITES/BPO Services	Corporate Services	Total
Revenue	P6,625	P—	P6,625
Other income	87	110	197
Profit before tax	2,471	47	2,518
Income tax expense			(111)
Profit after tax			2,407
Depreciation and amortization			468

Information on reportable segment for the year ended March 31, 2020 is as follows:

	In Million		
	ITES/BPO Services	Corporate Services	Total
Revenue	P7,265	P—	P7,265
Other income	167	25	192
Profit (loss) before tax	3,201	(71)	3,130
Income tax expense			(82)
Profit after tax			3,048
Depreciation and amortization			433

The revenue generated from 3 customers is more than 10% of the Company’s total revenue.

Management believes that it is currently not practicable to provide disclosure of geographical location wise assets, since the meaningful segregation of the available information is onerous.



23. Summary of Significant Accounting Policies

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after April 1, 2020:

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.* The amendments address the definition of material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of the amendment to PAS 1 and PAS 8 did not have any material impact on the evaluation of materiality in relation to financial statements.

- *Amendments to PFRS 3, Business Combinations, Definition of Business.* The amendments to PFRS 3 clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The clarification stated that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company.
- The IASB amended some of its requirements for hedge accounting. The amendments provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationship that are directly affected by these uncertainties. The adoption of amendment to PFRS 9, IAS 39 & PFRS 7 did not have any significant material impact on the financial statements.
- *Amendment to PFRS 16, COVID-19 Related Rent Concession.* The amendment to PFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

Lessees will apply the practical expedient retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the amendment first applied.

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

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended March 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2021:

- Annual Improvements to IFRS: 2018-2020 Cycle
 - *IFRS 9, Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities.* The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognise a financial liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The company is currently evaluating the impact of amendment to PFRS 9 on the financial statements.



- Amendments to PFRS 3, *Business Combinations - Reference to the Conceptual Framework* - The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential “day 2” gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately. It also clarifies that contingent assets do not qualify recognition at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract* - The amendments specify the costs a Company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a “directly related approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use* - The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.
- PFRS 17, *Insurance Contracts* - This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to 1 January 2023.
- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023 as a result of COVID-19 pandemic.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* - The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.



A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting



the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at March 31, 2021 and 2020, the Company's other current assets and other current liabilities are classified as financial asset / liability at FVPL (Note10).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2021 and 2020, the Company's cash and cash equivalents, trade and other receivables, short-term investments, unbilled services and rental deposits are included under this category (Notes 4, 5, 6, 7 and 18).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the 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.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.



Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at March 31, 2021 and 2020, the Company does not have financial assets and liabilities at under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at March 31, 2021 and 2020, the Company's liabilities arising from its trade and other payables, excluding statutory liabilities and due to parent and affiliates are included under this category (Notes 9 and 19).

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.



In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI

The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For trade and other receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.



Derivative Financial Instruments and Hedging

Freestanding Derivatives

For the purpose of hedge accounting, hedges are classified as either:

- (a) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk);
- (b) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- (c) hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair Value Hedge. Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in the statements of income. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in the statements of income.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Company discontinues fair value hedge accounting if:

- (a) the hedging instrument expires, is sold, is terminated or is exercised;
- (b) the hedge no longer meets the criteria for hedge accounting; or
- (c) the Company revokes the designation.

The Company's other current assets / liabilities are accounted for as a fair value hedge as at March 31, 2021 and 2020 (Note 10).

Cash Flow Hedge. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and presented in the statements of changes in equity. The ineffective portion is immediately recognized in the statements of income.

If the hedged cash flow results in the recognition of an asset or a liability, all gains or losses previously recognized directly in the statements of changes in equity are transferred and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, gains or losses initially recognized in the statements of changes in equity are transferred to the statements of income in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affects the statements of income.



When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in the statements of changes in equity is retained until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in the statements of changes in equity is recognized in the statements of income.

The Company has no outstanding derivatives accounted for as a cash flow hedge as at March 31, 2021 and 2020.

Net Investment Hedge. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gain or loss relating to the ineffective portion is recognized in the statements of income. On disposal of a foreign operation, the cumulative value of any such gains and losses recorded in the statements of changes in equity is transferred to and recognized in the statements of income.

The Company has no hedge of a net investment in a foreign operation as at March 31, 2021 and 2020.

Changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the statements of income.

Embedded Derivatives

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Company has not bifurcated any embedded derivatives as at March 31, 2021 and 2020.

Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

Prepayments



Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged in profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and equipment, net

Measurement at initial recognition

Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement subsequent to initial recognition

Property and equipment, except construction-in-progress, are stated at cost less accumulated depreciation and amortization and any impairment losses, if any.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Subsequent costs

Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

Category	Estimated Useful Life
IT equipment	3-4 years
Office fixtures	4-7 years
Transportation equipment	4 years
Leasehold improvements	6 years or lease term, whichever is shorter

The estimated useful lives, as well as the depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, no further charges for depreciation and amortization are made in respect of those assets.



When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of non-financial Assets

The carrying amount of the Company's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use (VIU). Fair value less cost of disposal 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, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Foreign currency forward contracts payable

The Company uses foreign exchange forward contracts derivative instruments to hedge its exposure on account of movements in foreign exchange. These derivatives are generally entered with banks and not used for trading or speculation purposes.

Forward contracts which are entered into to hedge the foreign currency risk of the highly probable transactions are valued at fair value at each financial reporting date, the resulting gain/loss from these transactions is recognized in the profit and loss.

Provisions and contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.



When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the financial statements but are disclosed when the inflow of economic benefits is probable.

Equity

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's share capital is classified as equity. Share capital is determined using the nominal or par value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the profit or loss less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Earnings per share

Basic earnings per share (EPS) is determined by dividing profit or loss attributable to the ordinary equity holders of the Company for the year by the weighted average number of ordinary shares outstanding during the year, after considering the retroactive effect of any stock dividends declared during the year, if any.

For the purpose of calculating diluted EPS, profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding, is adjusted for the effects of all dilutive potential ordinary shares.

Revenue recognition

The Company derives revenue primarily from software development, maintenance of software/ hardware and related services, business process services, sale of IT and other products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the company uses expected cost-plus margin approach in estimating the stand-alone selling price.



For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned income and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customers in an amount that corresponds directly with the value to the customer of the Company's performance completed to date, which are contracts invoiced on time and material basis and volume based.

The method for recognizing revenues and costs depends on the nature of the services rendered:

Time and materials contracts

Revenues and costs relating to time and materials are recognized as the related services are rendered.

Fixed-price contracts

i. Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred, for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of income in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Unbilled revenues on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time

ii. Maintenance contracts

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved



till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognized as revenue on completion of the term.

iii. Volume based contracts

Revenues and costs are recognized as the related services are rendered.



Products

Revenue on product sales are recognized when the customer obtains control of the specified asset.

Others

- Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.
- The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.
- Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.
- The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.
- Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and amortized over the contract term.
- The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognized is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.
- The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.
- The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, Company is the principal; if not, the Company is the agent.



Finance income

Finance income comprises interest income on deposits. Interest income is recognized using the effective interest rate method. Interest income from investments, deposits and placements is presented net of applicable tax withheld by banks.

Cost and expense recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify; for recognition in the statement of financial position as an asset.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined benefit plan

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognized immediately in OCI. The Company determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.



Income taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the financial reporting date.

Current tax assets and current 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.

Leases

Company as a lessor. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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 asset, the Company assesses whether:

- the contract involves an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

For contracts entered into before April 1, 2019, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or an extension is granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b) above.

Company as a lessee. The Company recognizes a right-of-use asset and lease liability at the date of initial application for leases previously classified as an operating lease under PAS 17.



The right-of-use asset is initially measured at cost, which comprises the initial amount of 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 incentives received.

Related parties

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 22 to the financial statements.

Events after the reporting date

The Company identifies post-year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any post-year-end events that provide additional information about the Company's financial position or performance at the end of a reporting period (adjusting events) are recognized in the financial statements. Events that are not adjusting events are disclosed in the notes to the financial statements when material.

24. Other Matters

Continuing effects of COVID-19 pandemic

On March 11, 2020, the World Health Organization assessed that the novel coronavirus of 2019 (COVID-19) has become a pandemic. In an effort to contain the spread of COVID-19 in the Philippines, the Government issued Presidential Proclamation No. 929 on March 16, 2020. The Proclamation declared a State of Calamity throughout the Philippines for a period of six months and imposed enhanced community quarantine (ECQ), among others. Subsequently, as measure to limit the spread of COVID-19 in the Philippines, community quarantines of varying strictness were imposed in numerous parts of the country.

In March 2021, following the spike in number of new COVID-19 cases, the Philippine Government has placed Metro Manila and other risk areas back to ECQ from March 29 to April 4, 2021 which was later extended to April 11, 2021.

In assessing the recoverability of receivables including unbilled receivables, and certain investments the Company has considered internal and external information up to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

25. Supplementary Information Required by the BIR



Supplementary information required under revenue regulations no. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS.

The following is the tax information required for the taxable year ended March 31, 2021:

A. Value-added tax (VAT)

Under Rule XIV of the Implementing Rules and Regulations of the Special Economic Zone Act of 1995, the Company is VAT zero-rated on revenues from its registered activities.

B. Withholding taxes

Tax on compensation and benefits	P122,187,297
Creditable withholding taxes	23,062,957
Fringe benefit taxes	11,076,694
	<hr/>
	P156,326,948

C. All other taxes (local and national)

Other taxes paid during the year recognized as part of "Taxes and licenses" account under Operating Expenses	
License and permit fees	P4,573,594
BIR annual registration	2,500
	<hr/>
	P4,576,094

D. Tax cases and assessments

As at March 31, 2021, the Company has ongoing tax assessment with BIR for FY 2014-15 and FY 2015-16.

