INDEPENDENT AUDITOR'S REPORT

To The Members of Encore Theme Technologies Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Encore Theme Technologies Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information, identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
When we read Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional Scepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) None of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) Since the Company is a Private Limited Company, Provisions of Section 197(16) of the Act will not apply.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact it`s financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025
FRN: 008572S

Chennai
June 11, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Encore Theme Technologies Private Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025
FRN: 008572S

Chennai
June 11, 2021

Annexure B to the

Independent Auditors' Report
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of the Company's Fixed Assets:

a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
b) The fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.

ii. In respect of its inventories, the company does not have any inventories. Hence this clause is not applicable to the Company.

iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013

iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, investment, guarantees or security as contemplated the provisions of Sec.185 and 186..

v. As per information & explanations given by the management the Company has not accepted any deposits from the public.

vi. Maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.

vii. (a) According to the information and explanation given to us and on the basis of our examination of records of the company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Goods and Service Tax, Income-tax, Custom Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on March 31, 2021 for a period of more than six months from the date they become payable.

(b) According to information and explanations given to us, following are statutory dues that were pending on account of disputes.

(INR In thousands)

Nature of Dues	Amount in Rs.	Period to which this amount relates to	Forum where the dispute is pending
Income Tax	1,388	April 2016 -March 2017	Assessing officer, Income Tax Department

viii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank. The company has not issued any debentures.

ix. Based on our audit procedures and on the information given by the management, we report that the company has applied the term loans for the purpose for which the loan has been obtained.

x. Based on the audit procedures performed and, on the information, and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

xi. Based on the audit procedures performed and, on the information, and explanations given by the management, we are of the opinion that the provisions of Sec.197 are not applicable for private company and hence reporting under this clause is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under this clause of the Order is Not applicable to the Company.

xiii. In our opinion and according to the information and explanation given to us, the provision Sec.177 does not apply to the Company. The company has disclosed all the related party transactions as required by Sec.188 and as required by the applicable Accounting Standard.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under this clause of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the companies Act 2013 are not applicable to the Company.

xvi. In our opinion and according to the information and explanation given to us, the Company is Not required to be registered under section 45-IA of the RBI Act 1934.

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025
FRN: 008572S

Chennai
June 11, 2021

Encore Theme Technologies Private Limited
BALANCE SHEET
(INR in thousands, except share and per share data, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	6,894	5,952
Other intangible assets	3	-	73,214
Financial assets			
Investments	4	1,949	1,827
Deferred tax assets	25	17,245	4
Total non-current assets		**26,088**	**80,997**
Current assets			
Financial assets			
Investments	4	1,248	1,214
Trade receivables	5	86,031	204,079
Cash and cash equivalents	6	55,328	28,495
Unbilled revenues		25,081	14,774
Other financial assets	7	5,744	12,427
Contract Assets		24,443	-
Tax Assets (net)		45,699	21,393
Other current assets	8	16,376	44,383
Total current assets		**259,952**	**326,765**
TOTAL ASSETS		**286,040**	**407,763**
EQUITY			
Equity Share capital	9	2,289	2,289
Other equity		114,973	250,298
Total equity		**117,262**	**252,587**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	10	-	23,320
Long term provisions	11	20,084	9,863
Total non-current liabilities		**20,084**	**33,182**
Current liabilities			
Financial liabilities			
Borrowings	10	-	43,842
Trade payables	12	75,640	59,029
Other financial liabilities	13	4,571	4,943
Unearned revenues		6,858	6,559
Contract Liabilities		1,634	-
Short term provisions	11	2,161	487
Other current liabilities	14	57,830	7,134
Total current liabilities		**148,694**	**121,994**
TOTAL EQUITY AND LIABILITIES		**286,040**	**407,763**

The accompanying notes are an integral part of these financial statements. (Note 1- 29)

As per our report of even date
For RVKS & Associates
Chartered Accountants
Firm Registration No.: 008572S

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025

Chennai
June 11, 2021

For and on behalf of the Board of Directors
Encore Theme Technologies Private Limited

Sd/-

Amit Bajoria
Director
DIN: 07464567

Bengaluru
June 11, 2021

Sd/-

Aparna Chandrasekhar Iyer
Director
DIN: 08378003

Bengaluru
June 11, 2021

Encore Theme Technologies Private Limited
STATEMENT OF PROFIT AND LOSS ACCOUNT
(INR in thousands, except share and per share data, unless otherwise stated)

	Note	For the year ended Mar 31, 2021	For the year ended Mar 31, 2020
REVENUE			
Revenue from operations	15	471,993	644,853
Other income	16	3,737	29,626
Total		**475,731**	**674,479**
EXPENSES			
Employee benefits expense	17	276,945	320,484
Sub Contracting/Technical Fees	18	148,064	142,313
Finance costs	19	4,204	10,960
Depreciation and amortisation expense	2 & 3	11,970	46,907
Other expenses	20	104,998	98,585
Total Expenses		**546,181**	**619,249**
Profit/(Loss) before tax		**(70,450)**	**55,231**
Tax expense/(income)			
Current tax	25	(11,135)	20,970
Earlier Year tax	25	(2,000)	-
Deferred tax	25	(17,242)	(10,501)
Tax expense/(income)		**(30,377)**	**10,469**
Profit/(Loss) for the year (Refer Note 27)		**(40,073)**	**44,761**
Earnings/(Loss) per equity share (Equity shares of par value INR 10 each)	21		
Basic		(175)	196
Diluted		(175)	196
No of shares			
Basic		228,869	228,869
Diluted		228,869	228,869

The accompanying notes are an integral part of these financial statements. (Note 1- 29)

As per our report of even date
For RVKS & Associates
Chartered Accountants
Firm Registration No.: 008572S

For and on behalf of the Board of Directors
Encore Theme Technologies Private Limited

Sd/-
L K Sivaramakrishnan
Partner
Membership No: 205025

Chennai
June 11, 2021

Sd/-
Amit Bajoria
Director
DIN: 07464567

Bengaluru
June 11, 2021

Sd/-
Aparna Chandrasekhar Iyer
Director
DIN: 08378003

Bengaluru
June 11, 2021

Encore Theme Technologies Private Limited
Statement of Changes in Equity
(INR in thousands, except share and per share data, unless otherwise stated)

A. EQUITY SHARE CAPITAL (INR 10 par Value)

Balance as of April 1, 2020	Changes during the Period	Balance as of March 31, 2021
2,289	-	2,289

Balance as of April 1, 2019	Changes during the Period	Balance as of March 31, 2020
2,289	-	2,289

B. OTHER EQUITY

	Other Components of Equity				
Particulars	**Foreign Currency Translation reserve**	**Share Premium**	**Retained Earnings**	**Other Comprehensive income**	**Total other equity**
Balance as at April 1, 2020	**(23,837)**	**42,622**	**231,514**	**-**	**250,298**
Total Comprehensive income for the period					
Profit/(Loss) for the year (Refer Note 27)	-	-	(40,073)	-	(40,073)
Discontinued operations (Refer Note 27)	-	-	(95,252)	-	(95,252)
Total Comprehensive income for the period	**-**		**(135,325)**	**-**	**(135,325)**
Balance as at March 31, 2021	**(23,837)**	**42,622**	**96,188**	**-**	**114,973**

	Other Components of Equity				
Particulars	**Foreign Currency Translation reserve**	**Share Premium**	**Retained Earnings**	**Other Comprehensive income**	**Total other equity**
Balance as at April 1, 2019	**(2,552)**	**42,622**	**187,132**	**-**	**227,201**
Total Comprehensive income for the period					
Profit for the period	-	-	44,761	-	44,761
Restatement	(21,285)	-	(380)	-	(21,665)
Total Comprehensive income for the period	**(21,285)**	**-**	**44,382**	**-**	**23,097**
Balance as at March 31, 2020	**(23,837)**	**42,622**	**231,514**	**-**	**250,298**

The accompanying notes are an integral part of these financial statements. (Note 1- 29)

As per our report of even date
For RVKS & Associates
Chartered Accountants
Firm Registration No.: 008572S

For and on behalf of the Board of Directors
Encore Theme Technologies Private Limited

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025

Chennai
June 11, 2021

Sd/-

Amit Bajoria
Director
DIN: 07464567

Bengaluru
June 11, 2021

Sd/-

Aparna Chandrasekhar Iyer
Director
DIN: 08378003

Bengaluru
June 11, 2021

Encore Theme Technologies Private Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2021
(INR in thousands, except share and per share data, unless otherwise stated)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
A. Cash flows from operating activities:		
Profit/(Loss) before taxes for the period*	(68,428)	55,231
Profit/(Loss) before taxes for the period from discontinued operations (Refer Note 27)	(2,022)	-
FCTR movement	-	(21,665)
Adjustments:		
Depreciation and Amortization	11,970	46,907
Provision/write off of bad debts	22,050	-
Loss/(Profit) on sale of Fixed Assets	(1,469)	-
Working capital changes :		
Trade receivables	74,961	(31,327)
Other financial assets	(1,427)	10,631
Other current assets	21,700	9,225
Trade Payables	20,212	5,269
Unbilled revenue	(10,307)	37,322
Long term provisions	12,958	2,208
Contract Assets	(24,443)	-
Contract liabilities	1,634	-
Unearned revenue	298	6,559
Short term provisions	1,867	487
Other current liabilities	58,199	(3,105)
Net cash from operating activities	**117,753**	**117,743**
Taxes (paid)/refund	(11,171)	(27,483)
Net cash generated/(used in) operations	**106,582**	**90,260**
B. Cash flows from investing activities:		
Addition to Assets	(16,892)	(32,900)
Sale of assets	4,832	2,673
Investments	(156)	1,116
Net cash generated/(used in) investing activities	**(12,216)**	**(29,111)**
C. Cash flows from financing activities:		
Proceeds/ (Repayment) from Unsecured Loan	(67,162)	(38,998)
Other financial liabilities	(372)	(11,764)
Net cash generated/(used in) financing activities	**(67,534)**	**(50,762)**
Net (decrease) / increase in cash and cash equivalents during the period	26,833	10,387
Cash and cash equivalents at the beginning of the period	28,495	18,109
Cash and cash equivalents at the end of the period [Refer Note 6]	**55,328**	**28,495**

*Profit/(Loss) before taxes for the period for year ended Mar 2020 is including Profit/ (Loss) before taxes of discontinued operations also

The accompanying notes are an integral part of these financial statements. (Note 1- 29)

As per our report of even date
For RVKS & Associates
Chartered Accountants
Firm Registration No.: 008572S

For and on behalf of the Board of Directors
Encore Theme Technologies Private Limited

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025

Chennai
June 11, 2021

Sd/-

Amit Bajoria
Director
DIN: 07464567

Bengaluru
June 11, 2021

Sd/-

Aparna Chandrasekhar Iyer
Director
DIN: 08378003

Bengaluru
June 11, 2021

Encore Theme Technologies Private Limited
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
(INR in thousands, except share and per share data, unless otherwise stated)

1. A- The Company overview

The company is a private limited company incorporated and domiciled in India on 13th November 2006. (Corporate Identification Number: U72200TN2006PTC061497). The main objects of the company are to license developed software products for commercial purposes and to offer training and consultancy with respect to the foregoing. The Company has its registered office in Chennai and has a branch in Dubai.
The Company's holding company is Wipro Limited ("Wipro") (w.e.f. December 15, 2020) which is incorporated and domiciled in India. Wipro Limited is holding 83.42% of shares of the Company.

The Financial Statements were approved for issue by the Directors on June 11, 2021.

B- Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS), as notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been applied consistently to all periods presented in these financial statements.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

All amounts included in the financial statements are reported in thousands of INR Currency (INR in thousands) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

Amounts below rounding off norm adopted by the Company been disclosed as nil in the financial statement.

(ii) First time adoption to Ind AS:

These financial statements are prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2020, the Company prepared its financial statements in accordance with Previous GAAP (earlier being qualified for relaxation from Ind AS). Accordingly, the Company has prepared financial statements which comply with Ind AS for periods ending on March 31, 2021, together with the comparative period data as at and for the year ended March 31, 2020

Exemptions from retrospective application:

In preparation of the Ind AS financial statements, the Company has:

1. Elected to adopt the Previous GAAP carrying value of Property, Plant and Equipment as deemed cost on date of transition.

2. The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(iii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items, which have been measured at fair value as required by relevant Ind AS:

a) Derivative financial instruments;
b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
c) The defined benefit asset/ (liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

(iv) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

a) **Revenue recognition:** The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the company uses expected cost-plus margin approach in estimating the stand-alone selling price. The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

b) **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than its carrying value. The recoverable amount of the asset or the cash generating units is higher of value in use and fair value less cost of disposal. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

c) **Income taxes:** The major tax jurisdictions for the Company are India. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

d) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

e) **Defined benefit plans and compensated absences:** The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f) **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

g) **Measurement of fair value of non-marketable equity investments:** These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the market and income approaches. The market approach includes the use of financial metrics and ratios of comparable companies, such as revenue, earnings, comparable performance multiples, recent financial rounds and the level of marketability of the investments. The selection of comparable companies requires management judgment and is based on a number of factors, including comparable company sizes, growth rates and development stages. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

h) **Useful lives of property, plant and equipment:** The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

i) **Useful lives of intangible assets**: The Company amortizes intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually

j) **Leases:** Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee

k) **Other estimates:** The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest. Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction

Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Company has considered internal and external information up to the date of approval of these standalone financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

C- Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in INR, which is the functional currency of the Company.

(ii) Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Gains/(losses), net, relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments measured at fair value through other comprehensive income are included in other comprehensive income, net of taxes.

(iii) Financial instruments

a) Non-derivative financial instruments:
Non-derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled receivables, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.
- Non- derivative financial instruments are recognized initially at fair value.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

A. 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.

B. Investments

Financial instruments measured at amortised cost:

Debt instruments that meet the following criteria are measured at amortised cost (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial instruments measured at fair value through other comprehensive income (FVTOCI):

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to statement of profit and loss.

Financial instruments measured at fair value through profit or loss (FVTPL):

Instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The gain or loss on disposal is recognized in statement of profit and loss.

Interest income is recognized in statement of profit and loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments designated to be classified as FVTOCI:

The Company carries certain equity instruments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these instruments. Movements in fair value of these investments are recognized in other comprehensive income and the gain or loss is not reclassified to statement of profit and loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the Company's right to receive dividends is established.

Investments in subsidiaries:

Investment in subsidiaries are measured at cost less impairment.

C. Other financial assets:

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled receivables and other assets.

D. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortised cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short-term maturity of these instruments.

b) Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counterparty is primarily a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss as cost.

Subsequent to initial recognition, derivative financial instruments are measured as described below:

A. Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of profit and loss.

B. Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results from operating activities.

Changes in fair value and gains/(losses), net, on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded in finance expense.

c) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. If the Company retains substantially all the risks and rewards of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a borrowing for the proceeds received. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

(iv) Equity

a) Share capital and securities premium reserve

The authorised share capital of the Company as at March 31, 2021 and March 31, 2020 is INR 5,000,000/- divided into 500,000 equity shares of INR 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as securities premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

b) Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes.

(v) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets is reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	**Useful life**
Plant and machinery	1 to 7 years
Lease Hold Building	2-6 Years
Furniture, fixtures and equipment	5 to 6 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as at each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

(vi) Business combination, Goodwill and Intangible assets

a) Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognized in the statement of profit and loss.

Common Control business combinations

The Company accounts for business combinations involving entities or businesses under common control using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts. The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately as Common Control Transactions Capital reserve.

b) Goodwill

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in equity as capital reserve. Goodwill is measured at cost less accumulated impairment (if any).

Goodwill associated with the disposal of an operation that is part of cash-generating unit is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

c) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated.

The estimated useful life of amortisable intangibles is reviewed and where appropriate are adjusted, annually.

Goodwill and intangible assets, if any, associated with an operation disposed shall be measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

(vii) Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves -

a) the right to use of an identified asset,
b) the right to obtain substantially all the economic benefits from use of the identified asset, and
c) the right to direct the use of the identified asset

The Company at the commencement of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in standalone statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight line basis over the lease term.

Lease payments are classified as Cash used in Financing activities.

The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

Income from Sub-leasing of low value leased assets are recognized on net basis.

(viii) Inventories

Inventories are valued at lower of cost and net realisable value, including necessary provision for obsolescence. Cost is determined using the weighted average method.

(ix) Impairment

A) Financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments classified as FVTOCI, lease receivables, trade receivables, lease receivables, contract assets and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables, contract assets and lease receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into the account risk profiling of customers and historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

B) Impairment of Investment in subsidiaries

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

C) Non - financial assets

The Company assesses long-lived assets such as property, plant and equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than it's carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than it's carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

(x) Employee benefits

Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation carried out by independent actuary using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss account.

Pension and social contribution

Pension and social contribution plan, a defined contribution scheme, the Company makes monthly contributions based on a specified percentage of each covered employee's salary.

(xi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(xii) Revenue

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 obligations 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.

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

A. Time and materials contracts

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

B. 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 statement of profit and loss 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.

C. Products

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

D. 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 amortised 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 amortised 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.

(xiii) Finance cost

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

(xiv) Other income

Other income comprises interest income on deposits, dividend income and gains / (losses), net, on disposal of investments. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

(xv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

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

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period, taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(xvi) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options, except where the results would be anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any splits and bonus shares issues including for change effected prior to the approval of the financial statements by the Board of Directors.

(xvii) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(xviii) Assets held for sale

Sale of business is classified as held for sale, if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification as held for sale is met when disposal business is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale.

(xix) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate line of business that has been disposed off or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(xx) Non-current assets and disposal groups held for sale

Assets of disposal groups that is available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Noncurrent assets and disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(xxi) Disposal of assets

The gain or loss arising on disposal or retirement of assets are recognized in the statement of profit and loss.

New Accounting standards adopted by the Company:

The accounting policies adopted in the preparation of the standalone financial statements are consistent with those followed in the preparation of the Company's annual standalone financial statements for the year ended March 31, 2021.

(xxii) Amendment to Ind AS 1 and Ind AS 8 – Definition of Material

The Ministry of Corporate Affairs (MCA) issued Amendment to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors to update a new definition of material in Ind AS 1. The amendments clarify the definition of "material" and how it should be applied by including in the definition guidance that until now has featured elsewhere in Ind AS Standards. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The adoption of the amendment to Ind AS 1 and Ind AS 8 did not have any material impact on its evaluation of materiality in relation to the financial statements.

New amendments not yet adopted:

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

• Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

• Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.

• Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.

• Specified format for disclosure of shareholding of promoters.

• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

• Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.

• Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.

• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

These amendments are applicable from April 1, 2021. The Company is currently evaluating the impact of these amendments on the standalone financial statements.

(INR in thousands, except share and per share data, unless otherwise stated)

Note 2 Property, Plant & Equipment

Particulars	Office Equipment	Plant & machinery	Vehicles	Furniture & fixture	Total
Gross carrying value					
Balance as at 01 April 2019	857	5,140	10,600	809	17,406
Additions during the year	10	618	-	386	1,014
Disposals during the year	(719)	(830)	(25)	(123)	(1,697)
Balance as at 31 March 2020	**148**	**4,928**	**10,575**	**1,072**	**16,723**
Additions during the year	-	7,767	-	-	7,767
Demerger	(10)	(3,454)	(1,450)	(108)	(5,022)
Disposals during the year	(6)	(237)	(9,125)	(682)	(10,051)
Balance as at 31 March 2021	**132**	**9,004**	**-**	**281**	**9,417**
Accumulated depreciation					
Balance as at 01 April 2019	754	3,487	6,277	185	10,703
Charge for the year	15	777	1,120	167	2,079
Disposals/Adjustment	(749)	(820)	(334)	(109)	(2,012)
Balance as at 31 March 2020	**19**	**3,444**	**7,063**	**244**	**10,770**
Charge for the year	127	1,299	536	429	2,392
Demerger	(1)	(2,887)	(1,043)	(21)	(3,952)
Disposals/Adjustment	(16)	373	(6,556)	(489)	(6,688)
Balance as at 31 March 2021	**130**	**2,230**	**-**	**163**	**2,523**
Net carrying value					
Balance as at 01 April 2019	**103**	**1,653**	**4,323**	**624**	**6,703**
Balance as at 31 March 2020	**128**	**1,483**	**3,513**	**828**	**5,952**
Balance as at 31 March 2021	**2**	**6,774**	**-**	**118**	**6,894**

Note 3 : Other intangible assets

Particulars	Internally Developed Software	Bought Out software	Total
Gross carrying value			
Balance as at 01 April 2019	228,725	38,643	267,368
Additions during the year	31,886	-	31,886
Disposals during the year	-	(38,643)	(38,643)
Balance as at 31 March 2020	**260,612**	**-**	**260,612**
Additions during the year	9,125	0	9,125
Demerger	(269,736)	0	(269,736)
Disposals during the year	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**
Accumulated depreciation			
Balance as at 01 April 2019	149,497	28,727	178,225
Charge for the year	37,093	7,735	44,828
Disposals/Adjustment	808	(36,463)	(35,655)
Balance as at 31 March 2020	**187,398**	**-**	**187,398**
Charge for the year	9,578	-	9,578
Demerger	(196,976)	-	(196,976)
Disposals/Adjustment	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**
Net carrying value			
Balance as at 31 March 2019	**79,228**	**9,915**	**89,143**
Balance as at 31 March 2020	**73,214**	**-**	**73,214**
Balance as at 31 March 2021	**-**	**-**	**-**

Encore Theme Technologies Private Limited
Summary of significant accounting policies and other explanatory information
(INR in thousands, except share and per share data, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Note 4 Investments		
Financial instruments consist of the following:		
Unquoted investments:		
Non-current		
Term deposits *	1,949	1,827
	1,949	**1,827**
Current		
Term deposits *	1,248	1,214
	1,248	**1,214**

* Bank Guarantee and Letter of Comfort facilities availed by the Company

	As at March 31, 2021	As at March 31, 2020
Note 5 Trade Receivables		
Unsecured:		
Considered good	86,031	143,661
Considered doubtful	22,050	-
	108,082	143,661
With Group Companies - Considered good	-	60,418
Less: Provision for doubtful receivables	(22,050)	-
	86,031	**204,079**
Note 6 Cash and cash equivalents		
Cash and cash equivalents		
Balances with banks	55,328	21,952
Money in Transit	-	6,539
Cash in Hand	-	4
	55,328	**28,495**
Cash and cash equivalents consists of the following for the purpose of the cash flow statement:		
Cash and cash equivalents	55,328	28,495
Note 7 Other Financial Assets		
Current		
Other advances	5,459	-
Security Deposits	-	9,471
Advance to suppliers	284	2,956
	5,744	**12,427**
Note 8 Other Assets		
Current		
Employee travel & other advances	188	1,613
Prepaid expenses	9,439	42,769
Prepaid bonus	6,749	-
	16,376	**44,383**

Note 9 Share Capital

(i) The details of share capital are given below:-	**As at Mar 31, 2021**		**As at Mar 31, 2020**	
Authorised capital	**Number**	**Amount**	**Number**	**Amount**
Equity shares [Par value of of INR 10 per share]	500,000	**5,000**	500,000	**5,000**
	500,000	**5,000**	**500,000**	**5,000**
Issued, subscribed and fully paid-up capital				
Equity shares [Par value of of INR 10 per share]	228,869	**2,289**	228,869	**2,289**
	228,869	**2,289**	**228,869**	**2,289**

(ii) Reconciliation of number of shares outstanding	**As at Mar 31, 2021**		**As at Mar 31, 2020**	
	Number	**Amount**	**Number**	**Amount**
Number of common stock outstanding as at beginning of the year	228,869	2,289	**228,869**	**2,288.69**
Number of common stock issued during the year	-	-	**-**	**-**
Number of common stock outstanding as at the end of the year	**228,869**	**2,289**	**228,869**	**2,289**

(iii) Details of share holding pattern by related parties
Equity Shares

Name of shareholders	**As at March 31, 2021**	**As at March 31, 2020**
Wipro Limited	83.42%	0.00%
Aravind Viswanathan Sundaresan (jointly with Wipro Limited)	0.00%	0.00%
Encore Operating Partners (Mauritius)	16.58%	65.79%
R K Kanthimathinathan	0.00%	34.21%
	100.00%	**100.00%**

(INR in thousands, except share and per share data, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020

iv) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. The Company is a Private limited company with 3 members. Wipro Limited being holding Company with virtue of shareholding 83.42%. In the event of liquidation of the Company, the sole member will be entitled to receive the remaining assets of the Company after satisfaction of all liabilities, if any.

(v)Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity shares of INR 10 each fully paid

At the year ended 31st March 2021	**No. of Shares**	
Name of shareholders	**As at March 31, 2021**	**As at March 31, 2020**
Wipro Limited	190,923	-
Aravind Viswanathan Sundaresan (jointly with Wipro Limited)	1	-
Encore Operating Partners (Mauritius)	37,945	150,579
R K Kanthimathinathan	-	78,290
	228,869	**228,869**

W.e.f December 15, 2020, Wipro Limited acquired the shareholding mentioned above

Note 10 Borrowings		
Non Current		
Unsecured:		
Term loan:		
External Commercial Borrowings	-	23,320
	-	**23,320**
Current		
Unsecured:		
Cash Credit	-	43,842
	-	**43,842**
Note 11 Provisions		
Non Current		
Gratuity	15,362	9,863
Leave Encashment	4,722	-
	20,084	**9,863**
Current		
Gratuity	1,352	487
Leave Encashment	809	-
	2,161	**487**
Note 12 Trade payables		
i)Total outstanding dues to micro, small and medium enterprises	507	-
ii)Total outstanding dues to creditors other than micro small and medium enterprises	72,493	59,029
Payable to group companies	2,640	-
	75,640	**59,029**
Note 13 Other Financial Liabilities		
Current		
Statutory and other liabilities	4,571	4,943
	4,571	**4,943**
Note 14 Other Current Liabilities		
Current		
Employee Dues	839	4,598
Prov for exps	33,158	1,751
Others	23,833	784
	57,830	**7,134**

(INR in thousands, except share and per share data, unless otherwise stated)

	For the year ended Mar 31, 2021	For the year ended Mar 31, 2020
Note 15 Revenue from Operations		
Sale of products	97,532	173,403
Sale of services	374,461	471,450
Revenue from operations (gross)	**471,993**	**644,853**

A. Contract Asset and Liabilities
The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. The Company presents such receivables as part of unbilled receivables at their net estimated realizable value. The same is tested for impairment as per the guidance in Ind AS 109 using expected credit loss method

During the year ended March 31, 2021, the Company recognised revenue of INR 6,559 arising from opening unearned revenue as at April 1, 2020.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

B. Remaining Performance Obligations
Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognised which includes unearned revenue and amounts that will be invoiced and recognised as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customer 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.

As at March 31, 2021, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was INR 94,493 of which 100% is expected to be recognised as revenues within 2 years. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

C. Disaggregation of Revenues
The table below presents disaggregated revenues from contracts with customers by business segment, customer location and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

	For the year ended Mar 31, 2021	For the year ended Mar 31, 2020
Revenue		
Sale of Products	97,532	173,403
Sales of Services	374,461	471,450
	471,993	**644,853**
Revenue by nature of contract		
Fixed price and volume based	130,315	171,556
Time and materials	244,146	299,893.77
Products	97,532	173,403
	471,993	**644,853**

Note 16 Other Income		
Profit on Sale of Fixed Assets	1,469	-
Other Income	2,268.43	3,787
Other exchange differences, net	-	25,840
	3,737	**29,626**

Note 17 Employee benefits expense		
Salaries and wages	257,637	310,677
Contribution to provident and other funds	2,596	3,346
Employee Benefit Plans	16,711	2,695
Staff welfare expenses	1	3,767
	276,945	**320,484**

Encore Theme Technologies Private Limited
Summary of significant accounting policies and other explanatory information
(INR in thousands, except share and per share data, unless otherwise stated)

Note 18 Sub contracting / technical fees		
Sub Contracting/Technical Fees	148,064	142,313
	148,064	**142,313**
Note 19 Finance costs		
Interest Cost	3,019	9,846
Bank charges and others	1,185	1,114
	4,204	**10,960**
Note 20 Other expenses		
Advertisement and sales promotion	27	3,686
Other exchange differences, net	469	-
Travel	14,491	40,973
Repairs and Maintenance	5,210	2,474
Rent	5,230	10,825
Power and fuel	260	881
Training expenses	-	6,760
Communication	453	792
Legal and professional charges	23,797	28,865
Bad & doubtful debts	47,744	-
Insurance	3,156	510
Rates and taxes	75	-
Printing & stationery	169	519
Auditors' remuneration		
Audit fees	350	350
for taxation matters	150	150
CSR contribution	2,373	1,284
Miscellaneous expenses	1,043	517
	104,998	**98,585**

(INR in thousands, except share and per share data, unless otherwise stated)

Note 21 Earning per share (EPS)

	31 March 2021	31 March 2020
Net profit/ (loss) after tax attributable to the equity shareholders	(40,073)	44,761
Weighted average number of equity shares - for basic and diluted EPS	228,869	228,869
Earnings/(Loss) per share - Basic	(175)	196
Diluted	(175)	196
Nominal value per share (in INR)	10	10

Note 22 Related party disclosure

i) Parties where control exists:

Nature of relationship	Name of the related party
Holding Company	Wipro Limited ^

^ Wipro Limited acquired Company w.e.f 15 December 2020. Prior to that, Encore Operating Partners (Mauritius) was holding company (See Note 9 (v))

ii) Related Parties with whom transactions exist

For the year ended March 31, 2021

Nature of relationship	Name of the related party
Fellow Subsidiary	Wipro Networks Pte Limited
Holding Company	Wipro Limited

For the year ended March 31, 2020

Nature of relationship	Name of the related party
Key Management Personnel (KMP)	Hari Padmanabhan *
Key Management Personnel (KMP)	Kanthimathinathan *
Key Management Personnel (KMP)	Sribaschha Joshi *
Fellow Subsidiary	Encore Technologies Solution JLT (Dubai) #

* Resigned w.e.f. 16 December 2020

Wipro Limited acquired the Company w.e.f 15th December 2020 (Refer Note 9)

iii) Key Management Personnel

For the year ended March 31, 2021

Director	Aparna Chandrasekhar Iyer
Director	Aravind Viswanathan Sundaresan
Director	Amit Bajoria

For the year ended March 31, 2020

Key Management Personnel (KMP)	Hari Padmanabhan *
Key Management Personnel (KMP)	Kanthimathinathan *
Key Management Personnel (KMP)	Sribaschha Joshi *

* Resigned w.e.f. 16 December 2020

iv) The Company has the following related party transactions:

Particulars	Relationship	For the year ended Mar 31, 2021	For the year ended Mar 31, 2020
Purchase of services			
Wipro Networks Pte Limited	Fellow Subsidiary	1,180	-
Sale of services			
Encore Technologies Solution JLT (Dubai)*	Fellow Subsidiary	10,703	12,735
Miscellaneous Expense			
Wipro Limited	Holding company	1,461	-
Kanthimathinathan*	Key Management Personnel (KMP)	327	2,178
Encore Technologies Solution JLT (Dubai)*	Fellow Subsidiary	2,782	3,701
Remuneration			
Kanthimathinathan	Key Management Personnel (KMP)	4,800	10,854

*Transactions in FY 2021 is upto date company aquired by Wipro Limited (Read with Note 9)

v) Balances with related parties as at year end are summarised below

Particulars	Relationship	As at March 31, 2021	As at March 31, 2020
Payables			
Wipro Limited	Holding company	1,461	-
Wipro Networks Pte Limited	Fellow Subsidiary	1,180	-
Encore Technologies Solution JLT (Dubai)	Fellow Subsidiary	-	60,418

(INR in thousands, except share and per share data, unless otherwise stated)

Note 23 Employee Benefit

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –

	Particulars	**As at March 31, 2021**	**As at March 31, 2020**
(A)	Defined Contribution Plans		
	a) Employer's contribution to Provident and other fund	2,596	3,346
(B)	Defined Benefit Plans		
	Gratuity payable to employees	16,715	10,350
i)	**Actuarial assumptions**		
	Discount rate (per annum)	5.32%	6.86%
	Rate of increase in Salary	3.85%	7.00%
	Duration of Defined Benefit obligation	9.74	14.34

Note 24 Financial Risk Management

Market Risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency receivables, payables and loans and borrowings.

Interest Rate Risk

The Companies do not have any borrowings so no exposure to interest rate risk

Credit Risk

Credit Risk arises from the possibility that customers may not be able to settle there obligation as agreed. To manage this, the company periodically assesses the financial reliability of customers taking into account the financial condition, current economic trend, analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly, there is no significant concentration of credit risk.

Liquidity Risk

Liquidity Risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price the companies corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition processes and policies related to such risks are overseen by senior management, management monitors the companies net liability position through rolling forecast on the basis of expected cash flows. As on 31st March, 2021 and 2020, cash & cash equivalents are held with major banks and financials institutions.

The fair value of cash and cash equivalents, trade receivables, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term(less than 1 year) nature of these instruments.

The table below summarizes the maturity profile of the Company’s financial liabilities:

31 March 2021	**Upto 12 months**	**More than 12 months**
Trade payables	75,640	-
Other financial liabilities	4,571	-

31 March 2020	**Upto 12 months**	**More than 12 months**
Borrowings	43,842	23,320
Trade payables	59,029	-
Other financial liabilities	4,943	-

Note 25 Effective Tax Rate (ETR) Reconciliation

Particulars	**For the year ended Mar 31, 2021**	**For the year ended Mar 31, 2020**
Profit/(Loss) Before Taxtion	(70,450)	55,231
Enacted Income Tax Rate	25%	28%
Computed Expected Tax Expenses/(income)	(17,731)	15,370
Effect of		
Expenses Disallowed for Tax Purpose	6,596	5,600
Income tax expense/(income)	(11,135)	20,970
Earlier year tax expense/(income)	(2,000)	-
Total Tax Expense	(13,135)	20,970

(INR in thousands, except share and per share data, unless otherwise stated)

The components of deferred tax assets and liabilities are as follows

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Deferred tax assets (DTA)		
Accrued expenses	17,411	2,904
Total	**17,411**	**2,904**
Deferred tax liabilities (DTL)		
Property, plant and equipment	(166)	(2,901)
Total	**(166)**	**(2,901)**
Net Deferred Tax Assets	**17,245**	**4**

Note 26 Impact of Covid-19 on Going concern assumption

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In assessing the recoverability of receivables, the Company has considered internal and external information up to the date the financial statements were available to be issued, including credit reports and economic factors. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of COVID-19 remains uncertain and may be different from what the Company has estimated as of date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

Note 27 : Discontinued Operations

During the year ended March 31, 2021, the Company had applied for demerger of one of its division and the same has been approved by the RD as on 2nd September 2020, having the appointed date as on July 1 2020. The appropriate transfer entries as given in the scheme has been given effect to.

Results of discontinued operations are as below:

	For the year ended Mar 31, 2021
REVENUE	
Revenue from Operations	20,955
Other Income	20
Total	**20,975**
EXPENSES	
Employee benefits expense	7,595
Sub Contracting/Technical Fees	3,130
Finance costs	161
Depreciation and amortisation expense	9,673
Other expenses	2,438
Total Expenses	**22,997**
Profit before tax	**(2,022)**
Tax expense/(income)	-
Profit/(Loss) for the year	**(2,022)**

Net Cash flows attributable to discontinued operations are as follows:

	For the year ended Mar 31, 2021
Net cash flows from/(used) in Operating activities	9,202
Net cash flows from/(used) in investing activities	(9,125)
Net cash flows from/(used) in Financing activities	(78)
Net increase/(decrease) in cash and cash equivalents	0
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period [Refer Note 6]	-

Note: Figures for 2020 is not shown because it was not practical for Company to maintain records for discontinued operations seperately

(INR in thousands, except share and per share data, unless otherwise stated)

Note 28 Corporate Social Responsibility
a. Gross amount required to be spend during the year INR 1,280 (March 31, 2020: INR 1,284)
b. Amount spent during the year on:

	For the year ended March 31, 2021		
	In cash	**Yet to be paid in cash**	**Total**
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than above (i) above *	2,373	-	**2,373**
Total amount spent during the year	**2,373**	**-**	**2,373**

	For the year ended March 31, 2020		
	In cash	**Yet to be paid in cash**	**Total**
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than above (i) above	1,284	**-**	**1,284**
Total amount spent during the year	**1,284**	**-**	**1,284**

* The Company spent an amount of INR 1,280 towards CSR expenditure for the FY 2020-21. Further, the Company spent an aggregate amount of INR 1,093 during the year, pertaining to the unspent CSR expenditure for FY 2017-18 and FY 2018-19 (i.e. INR 810 & 283, respectively).

Note 29 Prior period comparatives
Previous year's figures have been reclassified to confirm to this year's classification

The accompanying notes are an integral part of these financial statements. (Note 1- 29)

As per our report of even date
For RVKS & Associates
Chartered Accountants
Firm Registration No.: 008572S

Sd/-

L K Sivaramakrishnan
Partner
Membership No: 205025

Chennai
June 11, 2021

For and on behalf of the Board of Directors
Encore Theme Technologies Private Limited

Sd/-	Sd/-
Amit Bajoria	Aparna Chandrasekhar Iyer
Director	Director
DIN: 07464567	DIN: 08378003
Bengaluru	Bengaluru
June 11, 2021	June 11, 2021