Special Purpose Financial Statements

DESIGNIT TOKYO LTD.

31 March 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Designit Tokyo Ltd

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Designit Tokyo Ltd ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the 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 (herein after referred to as "the Special Purpose Financial Statements"). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited ("the Parent") solely for inclusion in the annual report of Wipro limited for the year ended 31 March 2022 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the basis of presentation referred to in Note 2(i) to the Special Purpose Financial Statements, of the state of affairs of the Company as at 31 March 2022, and Loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose 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) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Financial Statements.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Financial Statements, on the basis of the preparation to the special purpose financial statements. The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company under the requirements of Section 129(3) of the Companies Act, 2013. As a result, the Special Purpose Financial Statements may not suitable for any other purpose. Our report is intended solely for the Company and Wipro Limited and should not be distributed to or used by parties other than the Company and Wipro Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and ultimate holding company's board of directors, for our audit work, for this report, or for the opinions we have formed.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the accompanying financial statements which indicates that the Company has incurred losses of JPY 100.17 millions during the current year and has accumulated losses of JPY 275.44 millions as at 31 March 2022. These events or conditions indicate that a material uncertainty exists which may cast a significant doubt on the Company's ability to continue as going concern. However, basis the ongoing support of the Ultimate Holding Company and the ongoing assessment of business opportunities, the management considers going concern basis of accounting for preparation of accompanying financial statements to be appropriate. Our opinion is not modified in respect of this matter.

Management Responsibility for the Special Purpose Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance and total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. 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 special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management and Board of Directors are 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.

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

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the company has adequate internal financial controls with reference to the special purpose financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

Sd/-
Seethalakshmi M
Partner
Membership No. 208545

Bengaluru
20 June 2022

DESIGNIT TOKYO LTD.
Balance Sheet as at 31 March 2022
(Amount in JPY, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	319,468	872,353
Right of use asset	5	6,438,308	18,157,717
Financial assets			
Other financial assets	6	-	8,580,000
Total non-current assets		**6,757,776**	**27,610,070**
Current assets			
Financial assets			
Trade receivables	7	28,325,000	53,317,378
Cash and cash equivalents	8	3,362,861	33,089,549
Unbilled receivables		6,848,000	250,015
Other financial assets	6	5,880,000	380,000
Current tax assets		-	495,573
Contract assets		-	11,249,985
Other current assets	9	5,284,843	958,014
Total current assets		**49,700,704**	**99,740,514**
TOTAL ASSETS		**56,458,480**	**127,350,584**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	16,500,000	16,500,000
Other equity	11	(275,443,655)	(175,266,461)
Total equity		**(258,943,655)**	**(158,766,461)**
Non-current liabilities			
Financial liabilities			
Borrowings	12	273,000,000	-
Lease liabilities		498,683	6,657,786
Total non-current liabilities		**273,498,683**	**6,657,786**
Current liabilities			
Financial labilities			
Short term borrowings	12	-	226,927,113
Trade payables	13	28,593,860	29,407,367
Lease liabilities		6,159,103	11,988,279
Other financial liabilities	14	1,062,000	3,518
Provisions	15	5,099,264	4,411,675
Current tax liability (net)		180,027	-
Unearned revenues		800,003	250,000
Other current liabilities	16	9,195	6,471,307
Total current liabilities		**41,903,452**	**279,459,259**
TOTAL EQUITY AND LIABILITIES		**56,458,480**	**127,350,584**
Summary of significant accounting policies	**1-3**		

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.: 003990S/S 200018

For and on behalf of the Board
DESIGNIT TOKYO LTD.

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Kjersti Lund
Director

Sd/-
Joaquin Guirao
Director

Bengaluru
20 June 2022

20 June 2022

20 June 2022

DESIGNIT TOKYO LTD.

Statement of Profit and Loss for the year ended 31 March 2022

(Amount in JPY, unless otherwise stated)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
INCOME			
Revenue from operations	17	135,807,878	231,931,038
Other income	18	414,814	61,328
Total income		**136,222,692**	**231,992,366**
EXPENSES			
Employee benefits expense	19	134,499,649	147,396,176
Finance costs	20	5,144,590	6,844,569
Depreciation and amortisation expenses	21	12,453,386	12,853,794
Other expenses	22	83,942,261	129,389,674
Total expenses		**236,039,886**	**296,484,213**
Profit/ loss before tax		**(99,817,194)**	**(64,491,847)**
Tax expenses			
Current tax	25	360,000	-
Deferred tax		-	16,799,365
Total tax expenses		360,000	16,799,365
Profit/ loss for the year		**(100,177,194)**	**(81,291,212)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive income / (loss) for the year, net of taxes		**(100,177,194)**	**(81,291,212)**
Total comprehensive income for the year			
Earnings per share			
Basic and diluted	23	(3,036)	(2,463)
Face value per equity share		500	500

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.: 003990S/S 200018

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Bengaluru
20 June 2022

For and on behalf of the Board
DESIGNIT TOKYO LTD.

Sd/-
Kjersti Lund
Director
20 June 2022

Sd/-
Joaquin Guirao
Director
20 June 2022

DESIGNIT TOKYO LTD.
Statement of changes in equity for the year ended 31 March 2022

A. Equity share capital

	Note	Balance
As at 1 April 2020	15	16,500,000
Changes in equity share capital		-
As at 31 March 2021	15	16,500,000
Changes in equity share capital		-
As at 31 March 2022	15	16,500,000

B. Other equity

	Other equity		
	Securities premium	Retained earnings	Total other equity
As at 1 April 2020	-	(93,975,249)	(93,975,249)
Profit for the year	-	(81,291,212)	(81,291,212)
As at 31 March 2021	**-**	**(175,266,461)**	**(175,266,461)**
Profit for the year	-	(100,177,194)	(100,177,194)
As at 31 March 2022	**-**	**(275,443,655)**	**(275,443,655)**

The accompanying notes form an integral part of the special purpose financial statements

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.: 003990S/S 200018

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Bengaluru
20 June 2022

For and on behalf of the Board
DESIGNIT TOKYO LTD.

Sd/-
Kjersti Lund
Director

20 June 2022

Sd/-
Joaquin Guirao
Director

20 June 2022

DESIGNIT TOKYO LTD.

Cash Flow Statement for the year ended 31 March 2022

(Amount in JPY, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flow from operating activities		
Profit for the year	(100,177,194)	(81,291,212)
Adjustments for:		
Depreciation and amortisation expenses	12,453,386	12,853,794
Finance costs on borrowings	5,144,590	6,844,569
Income tax expense	180,000	16,799,365
Exchange differences, net	(1,621,683)	17,393,686
Profit on sale of fixed assets	(289,547)	-
Interest (income)/expenses	(2,010)	(61,328)
Misc income and other non-cash income	(4,534,928)	-
	11,329,808	53,830,086
Operating profit/(loss) before working capital changes	(88,847,386)	(27,461,126)
Movements in working capital:		
Trade receivables	24,992,378	9,045,949
Unbilled receivables	(6,597,985)	(250,015)
Contract assets	11,249,985	(11,249,985)
Loans & advances and other assets	(1,246,829)	1,146,130
Trade payables, other liabilities	(5,529,548)	8,537,498
Unearned revenues	550,000	250,000
Cash generated in operations	**23,418,001**	**7,479,577**
Direct tax paid	(586,899)	6,318,827
Net cash from operating activities	**(66,016,284)**	**(13,662,722)**
B. Cash flows from investing activities		
Purchase of tangible and intangible assets	(181,092)	(474,136)
Proceeds from sale of assets	1,409,938	-
Profit on sale of fixed assets	289,547	-
Interest received	2,010	61,328
Net cash (used in) from investing activities	**1,520,403**	**(412,808)**
C. Cash flow from financing activities		
Proceeds from borrowings, net of repayments	46,072,887	61,471,327
Interest paid	(5,144,590)	(6,271,116)
Payments of lease liability	(6,159,103)	(11,251,324)
Net cash generated from/(used in) financing activities	**34,769,194**	**43,948,887**
Net increase in cash and cash equivalents (A+B+C)	**(29,726,687)**	**29,873,357**
Cash and cash equivalents at the beginning of the year	**33,089,549**	**3,216,192**
Cash and cash equivalents at the end of the year	**3,362,861**	**33,089,549**
Components of cash and cash equivalents		
Balance with banks in current accounts	3,362,861	33,089,549
	3,362,861	**33,089,549**

The accompanying notes form an integral part of the special purpose financial statements

For PKF Sridhar & Santhanam LLP
Firm's Registration No.: 003990S/S 200018
Chartered Accountants

For and on behalf of the Board of
DESIGNIT TOKYO LTD.

Sd/-	Sd/-	Sd/-
Seethalakshmi M	**Kjersti Lund**	**Joaquin Guirao**
Partner	Director	Director
Membership No.: 208545		
Bengaluru		
20 June 2022	20 June 2022	20 June 2022

1. The Company overview

Designit Tokyo Ltd is a subsidiary of Wipro Japan KK ('the holding company'). The Company is incorporated in Japan and is engaged in design services. The functional Currency of the company is JPY and the reporting currency for these financial statements is JPY.

Operational outlook

The Company has incurred net loss of JPY 100.17 million for the year ended 31 March 2022 and has accumulated losses amounting 275.44 million as on 31 March 2022. The financial statement has been prepared on the assumption that the Company will continue as a going concern, based on the continuing financial support by the shareholders / investors. Further, the Company and its holding Company has adequate liquid assets to support the operation of the Company for next year. Accordingly, the Company will be able to realise its assets and discharge its liabilities as recorded in these financial statements in the normal course of business.

2. Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

This special purpose financial statement is prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013.

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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 statement of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.;

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefits plan – Plan assets measured at fair value

The financial statements are presented in Japanese yen (JPY), being the functional and presentation currency, being the currency of the primary economic environment in which the company operates.

(ii) <u>New amended standards and interpretations</u>

i) Ind AS 107 Financial Instruments: Disclosures – Additional disclosures relating to interest rate benchmark reform (IBOR reform) including nature and extent of risks to which the entity is exposed due to financial instruments subject to interest rate benchmark reform and how the Company manages those risks; the Company's progress in completing the transition to alternative benchmark rates and how the Company is managing the transition

ii) Ind AS 109 Financial Instruments – Guidance provided on accounting for modifications of contracts resulting from changes in the basis for determining the contractual cash flows as a result of the IBOR reform; various exceptions and relaxations have been provided in relation to the hedge accounting.

iii) Ind AS 116 Leases – Extension of optional practical expedient in case of rent concessions as a direct consequence of COVID-19 pandemic till 30th June, 2022 and guidance on accounting for modification of lease contracts resulting from the IBOR reform.

iv) Ind AS 102 Share based payments – Alignment of liabilities definition with the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.

v) Ind AS 103 Business Combination – Alignment of assets and liabilities definition with the Framework for Preparation and Presentation of Financial Statements with Indian Accounting Standards

vi) Amendment of definition of term 'recoverable amount' in Ind AS 105, Ind AS 16 and Ind AS 36 from 'fair value less cost to sell' to 'fair value less cost of disposal'.

None of the amendments has any material impact on the financial statements for the current year.

(iii) Other amendments to the existing standards: None

(iv) <u>New standards notified and yet to be adopted by the Company:</u> <u>None</u>

(v) Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed in line with the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

(vi) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

- An asset as current when it is:
  - Expected to be realized within twelve months after the reporting period, or within the normal operating cycle of the company.
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

  All other assets are classified as non-current.
- A liability is current when:
  - It is expected to be settled in normal operating cycle.
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

(vii) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires the 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 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, recognized revenue and profit 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) Income taxes: The tax jurisdiction for the Company is Japan. 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.

c) 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 realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

d) Expected credit losses on financial assets: On application of Ind AS109, 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 past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Significant accounting policies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which this entity operates (i.e. the "functional currency"). The functional currency of the company is JPY and these financial statements are also presented in JPY

(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. Gains/(losses) 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 FVTOCI 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 revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- 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. 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.

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. 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 amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

C. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized 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.

(iv) Equity and share capital

a) Share capital and share premium

The authorized share capital of the Company as of March 31, 2022 and March 31, 2021 is 33000 Equity shares of 500 JPY per share. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share 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.

c) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is presented within equity in the FCTR.

d) Other reserves

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

(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 amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	**Useful life**
Buildings	Useful life or lease term whichever is lower
Furniture, fixtures and equipment	3 to 10 years
Office equipment.	2 to 7 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 capitalized 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.

The cost of property, plant and equipment not available for use before each reporting date are disclosed under capital work- in-progress. Deposits & advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown as capital advances under the head of other non-current assets.

(vi) 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 enters into an arrangement for lease of land, buildings, plant and machinery including computer equipment and vehicles. Such arrangements are generally for a fixed period but may have extension or termination options. The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

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

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

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.

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 estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, 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 that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. 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 statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

The Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

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

(vii) Impairment

Non - financial assets

The Company assesses long-lived assets such as property, plant, 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 to sell (FVLCTS) and its value-in-use (VIU). If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs 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. 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.

(viii) Employee benefits

a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

c) 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.

(ix) 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.

(x) 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.

a) Services

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. 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

Revenues from fixed-price contracts, including systems development and integration contracts 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 does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost 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.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period. 'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

C. Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, 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.

b) Products

Revenue from products are recognized when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have
ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(xi) Finance Costs

Finance Costs comprise interest cost on borrowings, impairment losses recognized on financial assets, 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.

(xii) Other income

Other income comprises interest income on deposits, dividend income and gains / (losses) on disposal of financial assets that are measured at FVTPL, and debt instruments classified as FVTOCI. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

(xiii) 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 realize 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 utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of 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 utilized.

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

(xiv) 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 and warrants, except where the results would be anti-dilutive.

(xv) 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 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.

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(Amount in JPY, unless otherwise stated)

4 Property, plant and equipment

Particulars	Buildings	Furniture and fixtures	Computers	Total
Gross block				
Balance as at 1 April 2020	2,178,700	1,428,300	5,301,577	8,908,577
Additions	-	-	474,136	474,136
Deletions	-	-	-	-
Balance as at 31 March 2021	**2,178,700**	**1,428,300**	**5,775,713**	**9,382,713**
Additions	-	-	181,092	181,092
Deletions	-	-	1,409,938	1,409,938
Balance as at 31 March 2022	**2,178,700**	**1,428,300**	**4,546,867**	**8,153,867**
Accumulated depreciation				
Balance as at 1 April 2020	2,178,700	1,190,300	4,006,975	7,375,975
Depreciation charge for the year	-	136,000	998,385	1,134,385
Disposals	-	-	-	-
Balance as at 31 March 2021	**2,178,700**	**1,326,300**	**5,005,360**	**8,510,360**
Depreciation charge for the year	-	102,000	631,977	733,977
Disposals	-	-	1,409,938	1,409,938
Balance as at 31 March 2022	**2,178,700**	**1,428,300**	**4,227,399**	**7,834,399**
Net block				
Balance as at 31 March 2021	**-**	**102,000**	**770,353**	**872,353**
Balance as at 31 March 2022	**-**	**-**	**319,468**	**319,468**

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5 Right of use assets:

Particulars	Right of use asse	Total
Gross block at cost		
At 1 April 2020	1,121,529	1,121,529
Additions	28,833,158	28,833,158
Deductions for the year	-	-
As at 31 March 2021	**29,954,687**	**29,954,687**
Additions	-	-
Deductions for the year	-	-
As at 31 March 2022	**29,954,687**	**29,954,687**
Accumulated depreciation		
At 1 April 2020	77,561	77,561
Charge for the year	11,719,409	11,719,409
Deductions for the year	-	-
As at 31 March 2021	**11,796,970**	**11,796,970**
Charge for the year	11,719,409	11,719,409
Deductions for the year	-	-
As at 31 March 2022	**23,516,379**	**23,516,379**
Net block		
As at 31 March 2022	**6,438,308**	**6,438,308**
As at 31 March 2021	**18,157,717**	**18,157,717**

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6 Other financial assets

	As at 31 March 2022	As at 31 March 2021
Non current		
Security deposits	-	8,580,000
	-	8,580,000
Current		
Security deposits	5,880,000	380,000
	5,880,000	**380,000**

7 Trade receivables

Unsecured		
Considered good	22,385,000	53,317,378
Related parties*	5,940,000	-
Others	-	-
Balance having significant increase in credit risk	-	-
Credit impaired	-	-
	28,325,000	**53,317,378**
Less: allowance for credit impaired	-	-
	28,325,000	**53,317,378**

Refer note 25 for related parties transactions

8 Cash and cash equivalents

Balances with bank in current accounts	3,362,861	33,089,549
	3,362,861	**33,089,549**

9 Other assets

Current		
Prepaid expenses	760,138	958,014
Indirect tax recoverable	4,524,705	-
	5,284,843	**958,014**

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(Amount in JPY, unless otherwise stated)

10 Share capital	**As at 31 March 2022**	**As at 31 March 2021**
Authorised capital		
33,000 Equity shares (Par Value of JPY 500 per share)	16,500,000	16,500,000
	16,500,000	**16,500,000**
Issued, subscribed and paid up capital		
33,000 Equity shares (Par Value of JPY 500 per share)	16,500,000	16,500,000
	16,500,000.00	**16,500,000.00**

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

	As at 31 March 2022		**As at 31 March 2021**	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the year	33,000	16,500,000	33,000	16,500,000
Add :Issued during the year.	-	-	-	-
Balance at the end of the year	**33,000**	**16,500,000**	**33,000**	**16,500,000**

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of JPY 500 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

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

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

	As at 31 March 2022		**As at 31 March 2021**	
	Percentage of shareholding	**Number of shares**	**Percentage of shareholding**	**Number of shares**
Equity shares of JPY 500 each fully paid-up				
Designit A/S	-	-	100%	33,000
Wipro Japan K.K.	100%	33,000	-	-

d) There has been no issue of shares for consideration other than cash during the 5 years preceding 31 March 2022

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		As at 31 March 2022	As at 31 March 2021
11	**Other equity**		
	a) Statement of profit and loss account		
	Balance at the beginning of the year	(175,266,461)	(93,975,249)
	Add: Net profit/(loss) for the year	(100,177,194)	(81,291,212)
	Total	**(275,443,655)**	**(175,266,461)**

12 Borrowings

	As at 31 March 2022	As at 31 March 2021
Long term borrowings		
Term loan from bank		
From related party (Unsecured)	273,000,000	-
	273,000,000	**-**

It carries an interest rate of TIBOR rate plus 70 basis points repayable after the expiry of three years.

Short-term borrowings		
From related party (Secured)	-	226,927,113
	-	**226,927,113**

13 Trade payables

	As at 31 March 2022	As at 31 March 2021
Vendor payables	4,193,658	1,695,624
Related parties	24,400,202	27,711,743
Total	**28,593,860**	**29,407,367**

14 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Employee related liabilities	1,062,000	3,518
Total	**1,062,000**	**3,518**

15 Provisions

	As at 31 March 2022	As at 31 March 2021
Current provisions		
Provision for employee benefits		
Compensated absences	5,099,264	4,411,675
	5,099,264	**4,411,675**

16 Other liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory dues	9,195	6,471,307
Total	**9,195**	**6,471,307**

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		Year ended 31 March 2022	Year ended 31 March 2021
17	**Revenue from operations**		
	Sale of services	135,807,878	231,931,038
		135,807,878	**231,931,038**
	Revenue by type of contract		
	Fixed price and volume based	135,807,878	231,931,038
		135,807,878	**231,931,038**
18	**Other income**		
	Interest income	2,010	61,328
	Other exchange differences, net	289,547	-
	Miscellaneous income	123,257	-
		414,814	**61,328**
19	**Employee benefits expenses**		
	Salaries and bonus	132,336,409	139,505,052
	Compensated absences	687,589	4,411,675
	Staff welfare Expenses	1,475,651	3,479,449
		134,499,649	**147,396,176**
20	**Finance costs**		
	Interest expense	4,934,869	6,448,059
	Interest on finance lease	209,721	396,510
		5,144,590	**6,844,569**
21	**Depreciation**		
	Depreciation on tangible assets	733,977	1,134,385
	Depreciation on right to use assets	11,719,409	11,719,409
		12,453,386	**12,853,794**
22	**Other expenses**		
	Sub-contracting / technical fees / third party application	64,575,428	97,740,476
	Travel	1,662,407	1,923,051
	Facility expenses	2,678,267	2,268,715
	Communication	1,800,752	2,890,289
	Legal and professional charges	4,891,228	3,821,059
	Marketing and brand building	-	204,741
	Exchange rate fluctuation (net)	8,334,179	20,541,343
		83,942,261	**129,389,674**
23	**Earnings per share (EPS)**		
	Net profit/(loss) for the year	(100,177,194)	(81,291,212)
	Weighted average number of shares	33,000	33,000
	Earnings per share		
	Basic and diluted	(3,036)	(2,463)
	Nominal value - per equity share	500	500
24	**Income tax**		
	Income tax expense		
	Current taxes	360,000	-
	Deferred taxes	-	16,799,365
	Total income taxes	**360,000**	**16,799,365**

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25 **A. Names of related parties and nature of relationship**

Nature of relationship	Name of the related party	Country of incorporation
Ultimate Holding Company	Wipro Limited	India
Holding Company	Wipro Japan K.K.	Japan
Fellow Subsidiaries	Designit A/S	
	Designit Sweden AB	Sweden
	Designit Spain Digital S.L.	Spain
	Designit North America Inc.	USA
	Designit Denmark A/S	Denmark
	Designit A/S (Australia & New Zealand)	Australia
	Designit Germany GmbH	Germany
	Designit TLV Ltd	Israel
	Designit A/S (Dubai AS)	Dubai

*Related parties with whom transactions have taken place during the year.

B. Transactions with related parties for the year ended 31 March 2022

Particulars	Relationship*	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services			
Wipro Limited	Ultimate holding company	5,400,000	-
Designit A/S (Australia & New Zealand)	Fellow subsidiary	1,814,799	1,923,254
Designit A/S	Fellow subsidiary	12,039,750	-
Subcontracting & technical fees			
Wipro Limited	Ultimate holding company	-	3,058,689
Designit A/S	Fellow subsidiary	41,109,718	19,999,990
Designit Spain Digital S.L.	Fellow subsidiary	1,472,875	45,068,927
Designit North America Inc.	Fellow subsidiary	54,833	1,290,318
Designit A/S (Australia & New Zealand)	Fellow subsidiary	21,681,350	8,570,916
Designit Germany GmbH	Fellow subsidiary	-	9,838,045
Designit A/S (Dubai AS)	Fellow subsidiary	-	8,356,622
Designit Denmark A/S	Fellow subsidiary	255,329	-
Interest expense			
Designit A/S	Fellow subsidiary	3,080,829	5,909,964

C. Closing balance of related parties

Name of the company	Nature	As on 31 March 2022	As on 31 March 2021
Payables:			
Designit A/S	Fellow subsidiary	22,879,976	8,760,917
Wipro Japan K.K.	Holding Company	1,520,226	-
Designit Spain Digital S.L.	Fellow subsidiary	-	7,178,300
Designit North America Inc.	Fellow subsidiary	-	781,104
Designit Germany GmbH	Fellow subsidiary	-	855,318
Designit A/S (Australia & New Zealand)	Fellow subsidiary	-	4,946,494
Designit A/S (Dubai AS)	Fellow subsidiary	-	5,189,610
Receivables:			
Wipro Limited	Ultimate Holding Company	5,940,000	8,760,917
Borrowings			
Designit A/S	Fellow subsidiary	-	226,927,113
Wipro Japan K.K.	Holding Company	273,000,000	-

26 IND AS 116 leases related disclosures

i) Total lease liabilities are analysed as follows:

	As at 31 March 2022	As at 31 March 2021
Denominated in the following currencies:		
JPY	6,657,786	18,646,065
Total	**6,657,786**	**18,646,065**
Analysed as:		
Current	6,159,103	11,988,279
Non current	498,683	6,657,786
	6,657,786	**18,646,065**

ii) Amounts recognised in statement of profit and loss:

The following amounts were recognised as expense in the year:

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of right-of-use assets	11,719,409	11,719,409
Interest on lease liabilities	209,721	396,510
Total recognised in the statement of profit and loss	**11,929,130**	**12,115,919.00**

iii) Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

Maturity analysis:	As at 31 March 2022	As at 31 March 2021
Less than 1 year	6,159,103	11,988,279
Between 1 and 2 years	190,123	6,159,103
Between 2 and 5 years	308,560	498,683
More than 5 years	-	-
Total	**6,657,786**	**18,646,065**

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27 **Financial instruments measurement and disclosure**

a) Financial instruments by category

	As at 31 March 2022				As at 31 March 2021			
Particulars	**FVTOCI**	**FVTPL**	**Amortised cost**	**Total**	**FVTOCI**	**FVTPL**	**Amortised cost**	**Total**
Financial assets:								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	28,325,000	28,325,000	-	-	53,317,378	53,317,378
Cash and cash equivalents	-	-	3,362,861	3,362,861	-	-	33,089,549	33,089,549
Unbilled revenue	-	-	6,848,000	6,848,000	-	-	250,015	250,015
Other financial assets	-	-	5,880,000	5,880,000	-	-	8,960,000	8,960,000
Total	**-**	**-**	**44,415,861**	**44,415,861**	**-**	**-**	**95,616,942**	**95,616,942**
Financial liabilities:								
Borrowings	-	-	273,000,000	273,000,000	-	-	226,927,113	226,927,113
Lease liabilities	-	-	6,657,786	6,657,786	-	-	18,646,065	18,646,065
Trade payables	-	-	28,593,860	28,593,860	-	-	29,407,367	29,407,367
Other financial liabilities	-	-	1,062,000	1,062,000	-	-	3,518	3,518
Total	**-**	**-**	**309,313,646**	**309,313,646**	**-**	**-**	**274,984,063**	**274,984,063**

The fair values of assets and liabilities approximates its carrying value.

The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, other financials assets, borrowings etc. because their carrying amounts are a reasonable approximation of fair value.

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27 Financial risk management

Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	**Exposure arising from**	**Measurement**
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk -Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortized cost and deposits with banks and financial institutions.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Expected credit loss for trade receivables under simplified approach

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

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27 Financial risk management (continued)

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2022	**Due in 1st year**	**Due in 2nd year**	**Due in 3rd to 5th year**	**Beyond 5th year**	**Total**
Non-derivatives					
Borrowings	273,000,000	-	-	-	273,000,000
Lease liabilities	6,159,103	190,123	308,560	-	6,657,786
Trade payables	28,593,860	-	-	-	28,593,860
Other Financial liabilities	1,062,000	-	-	-	1,062,000
Total	**308,814,963**	**190,123**	**308,560**	**-**	**309,313,646**

31 March 2021	**Due in 1st year**	**Due in 2nd year**	**Due in 3rd to 5th year**	**Beyond 5th year**	**Total**
Non-derivatives					
Borrowings	226,927,113	-	-	-	226,927,113
Lease liabilities	11,988,279	6,159,103	498,683		18,646,065
Trade payables	29,407,367	-	-	-	29,407,367
Other Financial liabilities	3,518	-	-	-	3,518
Total	**268,326,277**	**6,159,103**	**498,683**	**-**	**274,984,063**

C Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/ payables. The Company is exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities.

D Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from EUR, CAD, GBP. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The management evaluates rate exposure arising from these transactions and enters into Foreign currency derivative instruments to mitigate such exposure. The company follows risk management policies, including use of derivatives like foreign currency exchange forward options etc.

28 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and current investments.

	As at 31 March 2022	**As at 31 March 2021**
Non current borrowings	273,000,000	-
Short term borrowings	-	226,927,113
	273,000,000	**226,927,113**
Less: Cash and cash equivalents	3,362,861	33,089,549
Less: Bank balances other than cash and cash equivalents	-	-
Net debts	**269,637,139**	**193,837,564**
Total equity	(257,501,153)	(158,766,461)
Gearing ratio	(1.05)	(1.22)

29 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2022 and the date of authorization of these financial statements.

As per our report of even date

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.: 003990S/S 200018

Sd/-
Seethalakshmi M
Partner
M No:. 208545

Bengaluru
20 June 2022

For and on behalf of the Board
DESIGNIT TOKYO LTD.

Sd/-
Kjersti Lund
Director

20 June 2022

Sd/-
Joaquin Guirao
Director

20 June 2022