

Special Purpose Financial Statements

Designit North America, Inc.

31 March 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of **Designit North America, Inc.**

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of **Designit North America, Inc.** (“the Company”), which comprise the Balance Sheet as at 31 March 2023, 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 to the Special Purpose Financial Statements, these include limited information and have been 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, 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 preparation referred to in Note 2 to the Special Purpose Financial Statements, of the state of affairs of the Company as at 31 March 2023, its loss, total comprehensive loss, its changes in equity and 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 SAs 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) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the special purpose financial statements.

Material Uncertainty Related to Going Concern

We draw attention to note 1(b) to the accompanying financial statements which indicates that the Company incurred net loss of USD 2.39 million for the year ended 31 March 2023 and has accumulated losses amounting USD 21.78 million as on 31 March 2023. These events or conditions indicate that a material uncertainty exists that 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’s Responsibilities for the Special Purpose Financial Statements

The Company’s Board of Directors are responsible for the preparation of these special purpose 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 basis described in Note 2 of the special purpose financial statement. This responsibility also includes maintenance of adequate accounting records 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, the Company's 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.

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.

Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on Use and distribution

The report is issued to the Board of Directors of the Company solely for the above purpose and should not be distributed to or used by any other parties.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

S/d

Seethalakshmi M

Partner

Membership No.: 208545

Bengaluru

23 May 2023

Designit North America, Inc.
Special Purpose Balance Sheet as at 31 March 2023

(Amount in USD, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	49,075	25,474
Right of use asset	5	537,631	1,033,906
Financial assets			
Other financial assets	6	1,415,173	1,565,173
Total non-current assets		2,001,879	2,624,553
Current assets			
Financial assets			
Trade receivables	7	599,759	272,236
Unbilled receivables		15,275	12,000
Cash and cash equivalents	8	66,538	438,377
Other financial assets	6	6,074	17,367
Advance tax assets		51,086	51,086
Contract assets		-	16,143
Other current assets	9	51,258	-
Total current assets		789,990	807,209
TOTAL ASSETS		2,791,869	3,431,762
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	209,850	209,850
Other equity	11	(21,778,905)	(19,386,557)
Total equity		(21,569,055)	(19,176,707)
Non-current liabilities			
Financial liabilities			
Lease liabilities	25	57,034	707,792
Deferred tax liabilities (net)		362,662	89,753
Total non-current liabilities		419,696	797,545
Current liabilities			
Financial liabilities			
Borrowings	12	18,050,000	18,050,000
Lease liabilities	25	650,760	601,536
Trade payables	13	3,966,360	2,681,557
Unearned revenues		12,500	12,500
Other financial liabilities	14	1,194,448	386,440
Provisions	15	67,160	78,891
Total current liabilities		23,941,228	21,810,924
TOTAL EQUITY AND LIABILITIES		2,791,869	3,431,762
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 North America, Inc.

S/d
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
23 May 2023

S/d
Nicolas Parmaksizian
Director
London, United Kingdom
23 May 2023

S/d
Mohit Bansal
Director
United States of America
23 May 2023

Designit North America, Inc.
Special Purpose Statement of Profit and Loss for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
INCOME			
Revenue from operations	16	3,371,935	7,088,069
Other income	17	440,809	275,670
Total income		3,812,744	7,363,739
EXPENSES			
Employee benefits expense	18	3,934,543	5,268,684
Finance costs	19	962,089	348,966
Depreciation expense	20	513,288	753,124
Other expenses	21	1,704,542	5,443,539
Total expenses		7,114,462	11,814,313
Profit/(loss) before tax		(3,301,718)	(4,450,574)
Tax expenses	23		
Current tax		-	(1,066,393)
Deferred tax		(909,370)	(540,964)
Total tax expenses		(909,370)	(1,607,357)
Profit/(loss) for the year		(2,392,348)	(2,843,217)
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		(2,392,348)	(2,843,217)
Total comprehensive income for the year			
Earnings per share(EPS)			
Basic and diluted	22	(0.21)	(0.25)
Face value per equity share		10	10

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

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For **PKF Sridhar & Santhanam LLP**
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For and on behalf of the Board
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Bengaluru
23 May 2023

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Nicolas Parmaksizian
Director
, United Kingdom
23 May 2023

S/d
Mohit Bansal
Director
United States of America
23 May 2023

Designit North America, Inc.
Special purpose Cash Flow Statement for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from operating activities		
Profit/(loss) for the year	(2,392,348)	(2,843,218)
<u>Adjustments for:</u>		
Depreciation expense	513,288	753,124
Finance costs on borrowings	962,089	348,966
Income tax expense	(909,370)	(1,607,357)
Loss on sale of assets	-	1,176
Exchange differences, net	(16,384)	(21,382)
	<u>549,623</u>	<u>(525,473)</u>
Operating profit/(loss) before working capital changes	(1,842,725)	(3,368,691)
Movements in working capital:		
Trade receivables	(327,524)	194,903
Contract assets	16,143	109,297
Unbilled receivable	(3,275)	-
Other assets	1,158,698	(8,799)
Trade payables, Other liabilities and provisions	2,081,080	19,656,452
Cash generated from operations	1,082,397	19,951,853
Direct tax paid	-	1,066,393
Net cash from operating activities	1,082,397	17,649,555
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(40,613)	(8,845)
Proceeds from sale of property, plant and equipment	-	271,738
Net cash (used in) from investing activities	(40,613)	262,893
C. Cash flow from financing activities		
Repayment of loans and borrowings	-	(16,217,139)
Proceeds of loans and borrowings	150,000	-
Interest paid on loans and borrowings	(962,089)	(723,617)
Payment of lease liabilities	(601,534)	(806,223)
Net cash generated from/(used in) financing activities	(1,413,623)	(17,746,979)
Net increase in cash and cash equivalents (A+B+C)	(371,840)	165,468
Cash and cash equivalents at the beginning of the year	438,377	272,909
Cash and cash equivalents at the end of the year	66,537	438,377
Components of cash and cash equivalents		
Balance with banks in current accounts (refer note 8)	66,538	438,377
	<u>66,538</u>	<u>438,377</u>

The notes referred to above form an integral part of the special purpose financial statements.

This is the Cash Flow Statement referred to in our report of even date.

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

S/d
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
23 May 2023

For and on behalf of the Board of
Designit North America, Inc.

S/d
Nicolas Parmaksizian
Director
London, United Kingdom
23 May 2023

S/d
Mohit Bansal
Director
United States of America
23 May 2023

Designit North America, Inc.
Special purpose statement of changes in equity for the year ended 31 March 2023

A. Equity share capital

	Note	Balance
As at 1 April 2021	11	209,850
Changes in equity share capital		-
As at 31 March 2022	11	209,850
Changes in equity share capital		-
As at 31 March 2023	11	209,850

B. Other equity

	Other equity		
	Common control transaction reserve	Retained earnings	Total other equity
As at 1 April 2021	(3,800,000)	(12,743,340)	(16,543,340)
Profit/(loss) for the year	-	(2,843,217)	(2,843,217)
As at 31 March 2022	(3,800,000)	(15,586,557)	(19,386,557)
Profit/(loss) for the year	-	(2,392,348)	(2,392,348)
As at 31 March 2023	(3,800,000)	(17,978,905)	(21,778,905)

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 North America, Inc.

S/d
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
23 May 2023

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23 May 2023

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United States of America
23 May 2023

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

1. (a) The Company overview

Designit North America, Inc. (Former name Cooper Software Inc). (the “Company”), incorporated in the state of California is provider of Design services to various global business enterprises. The Company offers professional consultancy services as well as educational services in the field of Product Design, Interaction Design, Visual Design, Service Design, User Experience Design, Prototyping, Branding, Design Strategy, Business Strategy and Customer Experience (CX) etc.

(b) Operational outlook

The Company has incurred net loss of USD 2.4 million for the year ended 31 March 2023 and has accumulated losses amounting USD 17.98 million as on 31 March 2023. 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 special purpose 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.

Accounting policies have been applied consistently to all periods presented in these financial statements, except for new accounting standards adopted by the Company.

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.

All amounts included in the financial statements are reported in USD, unless otherwise stated. Previous year figures have been regrouped/re-arranged, wherever necessary.

(ii) New Accounting standards adopted by the Company:

Amendments to Ind AS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (for example, direct labour and materials); or an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others).

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

Amendments to Ind AS 103 – Business Combinations – Reference to Conceptual Framework

The amendments specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The adoption of amendments to Ind AS 103 did not have any material impact on the interim condensed consolidated financial statements.

Amendments to Ind AS 109 – Financial Instruments

The amendments clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The adoption of amendments to Ind AS 109 did not have any material impact on the interim condensed consolidated financial statements.

Amendments to Ind AS 16 – Property, Plant and Equipment – Proceeds before intended use

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The adoption of amendments to Ind AS 16 did not have any material impact on the interim condensed consolidated financial statements.

New amendments not yet adopted-

Amendments to Ind AS 12 – Income Taxes

On March 31, 2023, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from April 1, 2023. The amendments to Ind AS 12 clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that this exemption does not apply to transactions such as leases and decommissioning obligations and companies are required to recognize deferred tax on such transactions. The adoption of amendments to Ind AS 12 is not expected to have any material impact in the interim condensed consolidated financial statements.

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

(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 recognised as the present value of defined benefit obligation less fair value of plan assets.

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

(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 recognised 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 recognised 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 recognised, 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.
- a) **Income taxes:** The major tax jurisdictions for the Company is in United States of America. 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.
- b) **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.

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

- c) **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.
- d) **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.

3. Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in US Dollars, 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 recognised 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 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 revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognised 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 derecognised only when the Company has not retained control over the financial asset.

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

- 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 recognised 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. 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 recognised at fair value and subsequently measured at amortised 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 recognised 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) 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 derecognised 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 share premium

The authorised share capital of the Company as of March 31, 2023 is 40,000,000 Equity shares of USD 0.02 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.

b) Retained earnings

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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

c) Dividend

A final dividend, including tax thereon, on equity shares is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

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 capitalised 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 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
Office equipment.	2 to 7 years
Furniture, fixtures and equipment	3 to 10 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.

The cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

(vi) Leases

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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

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.

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

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

A) Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B) 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 its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised 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 recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

viii) Employee benefits

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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

b) 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 recognised 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.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(ix) Provisions

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

The amount recognised 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 recognised 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 recognised 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 Design services provided to its clients along with the educational services eg. Training and Coaching services..

a) Services

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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

- (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 recognised 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 recognised as the related services are rendered.

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognised 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 recognised 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 recognised 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 recognised. Advance payments received from customers for which no services have been rendered are presented as ‘Advance from customers’.

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

C. Maintenance contracts

Revenue from maintenance contracts is recognised 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 recognised 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 recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

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.

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.

(xi) 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 recognised 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), net, on disposal of investments. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(xiii) Income tax

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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

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 recognised 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 recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised 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 recognised 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 recognised 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.

(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

Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD unless otherwise stated)

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. 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).

(xvi) Disposal of Assets

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

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

4 Property, plant and equipment

Particulars	Buildings	Furniture and fixtures	Office equipments	Total
Gross block				
As at 1 April 2021	278,658	187,702	146,834	613,194
Additions	-	-	8,845	8,845
Disposals	193,035	20,003	58,700	39,528
As at 31 March 2022	85,623	167,699	96,979	350,301
Additions	-	-	40,613	40,613
Disposals	-	14,232	82,098	96,330
As at 31 March 2023	85,623	153,467	55,494	294,584
Accumulated depreciation				
As at 1 April 2021	234,693	165,255	137,489	537,437
Depreciation charge for the year	27,876	19,615	9,044	56,535
Disposals	192,817	20,003	56,325	269,145
As at 31 March 2022	69,752	164,867	90,208	324,827
Depreciation charge for the year	3,779	1,826	11,408	17,013
Disposals	-	14,232	82,098	96,331
As at 31 March 2023	73,531	152,461	19,518	245,509
Net block				
As at 31 March 2022	15,871	2,832	6,771	25,474
As at 31 March 2023	12,092	1,006	35,976	49,075

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Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

5 Right of use assets:	Particulars	Building	Total
Gross block at cost			
At 1 April 2021		-	-
Additions		3,209,380	3,209,380
Disposals		686,647	686,647
As at 31 March 2022		2,522,733	2,522,733
Additions		-	-
Disposals		-	-
As at 31 March 2023		2,522,733	2,522,733
Accumulated depreciation			
At 1 April 2021		1,478,884	1,478,884
Charge for the year		696,589	696,589
Disposals		686,646	686,646
As at 31 March 2022		1,488,827	1,488,827
Charge for the year		496,275	496,275
Disposals		-	-
As at 31 March 2023		1,985,102	1,985,102
Net Block			
As at 31 March 2022		1,033,906	1,033,906
As at 31 March 2023		537,631	537,631

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

6 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Non current		
Loans to related party*	1,415,173	1,565,173
	<u>1,415,173</u>	<u>1,565,173</u>
Current		
Others	6,074	17,367
	<u>6,074</u>	<u>17,367</u>

*Refer related part note 24

7 Trade receivables

	As at 31 March 2023	As at 31 March 2022
Unsecured		
Considered good	-	112,822
Related parties*	599,759	159,414
Others	-	-
Credit impaired	-	-
	<u>599,759</u>	<u>272,236</u>
Less: allowance for credit impaired	-	-
	<u>599,759</u>	<u>272,236</u>

*Refer related party note 24 and refer note 26 for ageing schedule.

8 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with bank in current accounts	66,538	438,377
	<u>66,538</u>	<u>438,377</u>

9 Other current assets

	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	51,258	-
	<u>51,258</u>	<u>-</u>

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

10 Share capital	As at	As at
	31 March 2023	31 March 2022
Authorised capital		
40,000,000 equity shares par value of \$ 0.02 per share	800,000	800,000
	800,000	800,000
Issued, subscribed and paid up capital		
104,92,500 equity shares of \$ 0.02 each	209,850	209,850
	209,850	209,850

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

	As at		As at	
	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Balance at the beginning of the year	11,221,002	209,850	11,221,002	209,850
Add :Issued during the year.	-	-	-	-
Balance at the end of the year	11,221,002	209,850	11,221,002	209,850

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of \$ 0.02 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in USD. The 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 distributing 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		As at	
	31 March 2023		31 March 2022	
	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares
Equity shares of USD 0.02 each fully paid-up Wipro Limited	100%	11,221,002	100%	11,221,002

d) There has been no issue of shares for consideration other than cash during the 5 years preceding 31 March 2023

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

	<u>As at</u> <u>31 March 2023</u>	<u>As at</u> <u>31 March 2022</u>
11 Other equity		
a) Statement of profit and loss account		
Balance at the beginning of the year	(15,586,557)	(12,743,340)
Add: Net profit/(loss) for the year	<u>(2,392,348)</u>	<u>(2,843,217)</u>
Balance at the end of the year	(17,978,905)	(15,586,557)
b) Common control transaction reserve	<u>(3,800,000)</u>	<u>(3,800,000)</u>
Total (a+b)	<u>(21,778,905)</u>	<u>(19,386,557)</u>

Nature and purpose of reserves:

Common Control Transaction Reserve :Common Control Transaction Reserve pertains to merger of U.S. Branch of Designit Denmark A/S with the Company during the year ended March 31, 2019.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

12 Borrowings

	<u>As at</u> <u>31 March 2023</u>	<u>As at</u> <u>31 March 2022</u>
Long term borrowings		
From related party (unsecured)	<u>18,050,000</u>	<u>18,050,000</u>
	<u>18,050,000</u>	<u>18,050,000</u>

13 Trade payables

	<u>As at</u> <u>31 March 2023</u>	<u>As at</u> <u>31 March 2022</u>
Related parties*	3,946,538	2,620,785
Payable to others	19,822	10,197
Provision for expenses	-	50,575
Total	<u>3,966,360</u>	<u>2,681,557</u>

*Refer related party note 24

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

14 Other financial liabilities

	<u>As at 31 March 2023</u>	<u>As at 31 March 2022</u>
Current		
Employee related liabilities	152,553	368,264
Interest accrued and due*	1,025,909	-
Statutory dues	15,054	18,176
Others	932	-
	<u><u>1,194,448</u></u>	<u><u>386,440</u></u>

*Refer related party note 24

15 Provisions

	<u>As at 31 March 2023</u>	<u>As at 31 March 2022</u>
Current provisions		
Provision for employee benefits		
Compensated absences	67,160	78,891
	<u><u>67,160</u></u>	<u><u>78,891</u></u>

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

	<u>Year ended</u> <u>31 March 2023</u>	<u>Year ended</u> <u>31 March 2022</u>
16 Revenue from operations		
Sale of services	3,371,935	7,088,069
	<u>3,371,935</u>	<u>7,088,069</u>
Revenue by type of contract		
Fixed price and volume based	3,051,067	6,348,683
Time and materials	320,868	739,386
	<u>3,371,935</u>	<u>7,088,069</u>
17 Other income		
	<u>Year ended</u> <u>31 March 2023</u>	<u>Year ended</u> <u>31 March 2022</u>
Interest income	34,183	33,002
Rental income	385,553	187,101
Intercompany cost recharge	21,073	55,567
	<u>440,809</u>	<u>275,670</u>
18 Employee benefits expenses		
	<u>Year ended</u> <u>31 March 2023</u>	<u>Year ended</u> <u>31 March 2022</u>
Salaries and bonus	3,911,673	5,247,565
Staff welfare Expenses	22,870	21,119
	<u>3,934,543</u>	<u>5,268,684</u>
19 Finance costs		
	<u>Year ended</u> <u>31 March 2023</u>	<u>Year ended</u> <u>31 March 2022</u>
Interest expense	912,712	266,626
Interest on finance lease	49,377	82,340
	<u>962,089</u>	<u>348,966</u>
20 Depreciation		
	<u>Year ended</u> <u>31 March 2023</u>	<u>Year ended</u> <u>31 March 2022</u>
Depreciation on property, plant and equipment	17,013	56,535
Depreciation on right to use assets	496,275	696,589
	<u>513,288</u>	<u>753,124</u>

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Designit North America, Inc.**Notes to the special purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

21 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Facility expenses	722,174	679,420
Sub-contracting / technical fees / third party application	449,103	3,490,601
Inter company corporate overheads	363,215	1,176,041
Travel	40,532	20,104
Legal and professional charges	37,303	14,282
Communication	34,176	39,315
Repairs and maintenance	31,440	-
Other exchange differences, net	16,384	21,382
Marketing and brand building	10,215	304
Loss on sale of assets	-	1,176
Rates and taxes	-	914
	<u>1,704,542</u>	<u>5,443,539</u>

22 Earnings per share (EPS)

	Year ended 31 March 2023	Year ended 31 March 2022
Net profit/(loss) for the year	(2,392,348)	(2,843,218)
Weighted average number of shares	11,221,002	11,221,002
Earnings per share		
Basic and diluted	(0.21)	(0.25)
Nominal value - per equity share	10	10

23 Income tax

Income tax expense has been allocated as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Income tax expense		
Domestic		
Current taxes	-	(1,066,393)
Deferred taxes	(909,370)	(540,964)
Total income taxes	<u>(909,370)</u>	<u>(1,607,357)</u>

	Year ended 31 March 2023	Year ended 31 March 2022
Profit/(loss) before tax	(3,301,718)	(4,450,575)
Enacted income tax rate	28%	28%
Computed expected tax expense	(924,481)	(1,066,393)
Effect of:		
DTA not recognised on current year business loss due to reasonable certainty	300,327	(540,964)
Permanent differences	(67,059)	-
Tax of prior period	(218,157)	-
Total income taxes expenses	<u>(909,370)</u>	<u>(1,607,357)</u>

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Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

24 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	Ultimate holding company	India
Holding Company		
Wipro IT Services Inc.	Holding company	USA
Fellow Subsidiaries		
Designit A/S	Fellow subsidiary	Denmark
Designit Spain Digital S.L.	Fellow subsidiary	Spain
Designit Denmark A/S	Fellow subsidiary	Denmark
Designit TLV Ltd	Fellow subsidiary	Israel
Designit A/S (Dubai)	Fellow subsidiary	Dubai
Designit Oslo AS	Fellow subsidiary	Norway
Designit Tokyo Co., Ltd.	Fellow subsidiary	Japan
Designit Germany GmbH	Fellow subsidiary	Germany
Designit Sweden AB	Fellow subsidiary	Sweden
Designit Denmark A/S Branch in London	Fellow subsidiary	UK
Designit A/S (Australia & New Zealand)	Fellow subsidiary	Australia
Designit Colombia S.A.S.	Fellow subsidiary	Colombia
Wipro LLC	Fellow subsidiary	USA
Wipro Designit Services Inc.	Fellow subsidiary	USA
Wipro Arabia Co. Limited	Fellow subsidiary	Saudi Arabia
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow subsidiary	Hungary
Wipro Solutions Canada Limited	Fellow subsidiary	Canada
Key managerial personnel		
	Nic Parmaksizian	
	Rishabh Khemka	
	Mohit Bansal	

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

B. Transactions with related parties for the year ended 31 March 2023

Particulars	Relationship*	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
Wipro Limited	Ultimate holding company	2,036,062	2,565,510
Designit Germany GmbH	Fellow subsidiary	56,562	26,642
Designit Spain Digital S.L.	Fellow subsidiary	181	118,349
Designit Tokyo Co., Ltd.	Fellow subsidiary	-	507
Designit A/S (Australia & New Zealand)	Fellow subsidiary	591	12,239
Designit Oslo AS	Fellow subsidiary	29,210	638
Designit Sweden AB	Fellow subsidiary	-	7,984
Wipro LLC	Fellow subsidiary	580,216	1,704,590
Designit Denmark A/S Branch in London	Fellow subsidiary	7,284	275,280
Wipro Designit Services Inc.	Fellow subsidiary	255,986	586,973
Designit A/S (Dubai)	Fellow subsidiary	-	29,692
Wipro Holdings UK Limited	Fellow subsidiary	-	14,314
Subcontracting technical fees and intercompany recharges (net)			
Designit TLV Ltd	Fellow subsidiary	18,670	-
Designit Denmark A/S	Fellow subsidiary	(12,598)	-
Designit Spain Digital S.L.	Fellow subsidiary	170,710	-
Designit Oslo AS	Fellow subsidiary	80,231	-
Designit Tokyo Co., Ltd.	Fellow subsidiary	(144)	-
Designit Sweden AB	Fellow subsidiary	(729)	-
Designit Germany GmbH	Fellow subsidiary	22,426	-
Designit Denmark A/S Branch in London	Fellow subsidiary	132,840	-
Designit A/S	Fellow subsidiary	-	1,120,472
Designit A/S (Australia & New Zealand)	Fellow subsidiary	(316)	-
Wipro Designit Services Inc.	Fellow subsidiary	207,472	757,526
Wipro Limited	Ultimate holding company	159,781	-
Wipro LLC	Fellow subsidiary	598,596	-
Designit Spain Digital S.L.	Fellow subsidiary	-	10,816

Designit North America, Inc.
Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

Interest expense			
Wipro LLC	Fellow subsidiary	227,728	88,771
	Fellow subsidiary	690,103	159,119
Wipro Holdings Investment Korlátolt Felelősségű Társaság			
Interest income			
Designit A/S	Fellow subsidiary	34,183	33,002

C Material balances with related parties as at year end are summarised below:

Particulars	Relationship*	Year ended 31 March 2023	Year ended 31 March 2022
Receivables			
Wipro Limited	Ultimate holding company	236,519	-
Wipro LLC	Fellow subsidiary	135,443	-
Wipro Designit Services Inc.	Fellow subsidiary	105,758	97,014
Designit Germany Gmbh	Fellow subsidiary	58,449	10,645
Designit A/S	Fellow subsidiary	49,016	-
Wipro Arabia Co. Limited	Fellow subsidiary	1,540	1,540
Designit Denmark A/S	Fellow subsidiary	823	-
Designit Denmark A/S Branch in London	Fellow subsidiary	1,902	31,053
Designit Sweden AB	Fellow subsidiary	737	-
Designit A/S (Australia & New Zealand)	Fellow subsidiary	411	6,168
Designit Spain Digital S.L.	Fellow subsidiary	1,610	12,994
Designit Oslo	Fellow subsidiary	6,308	-
Designit TLV Ltd.	Fellow subsidiary	1,097	-
Designit Tokyo Co., Ltd.	Fellow subsidiary	146	-
Payables			
Wipro Limited	Ultimate holding company	3,486,093	2,032,086
Designit A/S	Fellow subsidiary	433,134	428,417
Designit Germany Gmbh	Fellow subsidiary	23,584	-
Wipro Designit Services Inc.	Fellow subsidiary	50,020	-
Designit Spain Digital S.L.	Fellow subsidiary	116,717	-
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow subsidiary	814,615	124,512
Designit Oslo	Fellow subsidiary	82,610	-
Designit TLV Ltd.	Fellow subsidiary	19,754	-
Designit Denmark A/S Branch in London	Fellow subsidiary	122,786	-
Wipro LLC	Fellow subsidiary	176,867	35,770
Borrowings			
Wipro LLC	Fellow subsidiary	3,800,000	3,800,000
	Fellow subsidiary	14,250,000	14,250,000
Wipro Holdings Investment Korlátolt Felelősségű Társaság			
Loan receivable			
Designit A/S	Fellow subsidiary	1,415,173	1,565,173

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Designit North America, Inc.
Notes to the special purpose financial statements for the year ended 31 March 2023
(Amount in USD, unless otherwise stated)

25 **IND AS 116 leases related disclosures**

i) **Total lease liabilities are analysed as follows:**

	As at 31 March 2023	As at 31 March 2022
Denominated in the following currencies:		
USD	707,794	1,309,328
Total	707,794	1,309,328
Analysed as:		
Current	650,760	601,536
Non current	57,034	707,792
	707,794	1,309,328

ii) **Amounts recognised in statement of profit and loss:**

The following amounts were recognised as expense in the year:

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of right-of-use assets	496,275	696,589
Interest on lease liabilities	49,377	82,340
Total recognised in the statement of profit and loss	545,652	778,929

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:

	As at 31 March 2023	As at 31 March 2022
Maturity analysis:		
Less than 1 year	670,441	650,913
Between 1 and 2 years	57,260	670,441
Between 2 and 5 years	-	57,260
More than 5 years	-	-
Total	727,701	1,378,614

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Designit North America, Inc.

Notes to the Special Purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

26 Trade receivables and trade payables ageing schedule

Trade receivables ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled dues	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	
(i) Undisputed – considered good	-	548,147	21,992	29,620	-	-	599,759
(ii) Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed – credit impaired	-	-	-	-	-	-	-
(iv) Disputed –considered good	-	-	-	-	-	-	-
(v) Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed – credit impaired	-	-	-	-	-	-	-
Total	-	548,147	21,992	29,620	-	-	599,759
Less : Allowance for credit impaired	-	-	-	-	-	-	-
Net Trade Receivables	-	548,147	21,992	29,620	-	-	599,759

Trade receivables ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled dues	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	
(i) Undisputed – considered good	-	272,236	-	-	-	-	272,236
(ii) Undisputed – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed – credit impaired	-	-	-	-	-	-	-
(iv) Disputed –considered good	-	-	-	-	-	-	-
(v) Disputed – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed – credit impaired	-	-	-	-	-	-	-
Total	-	272,236	-	-	-	-	272,236
Less : Allowance for credit impaired	-	-	-	-	-	-	-
Net trade receivables	-	272,236	-	-	-	-	272,236

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Designit North America, Inc.**Notes to the Special Purpose financial statements for the year ended 31 March 2023**

(Amount in USD, unless otherwise stated)

26. Trade payables ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled and not due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	
(i) Trade Payables - MSME	-	-	-	-	-	-
(ii) Trade Payables - Others	891,784	308,416	2,766,160	-	-	3,966,360
(iii) Accrued Expenses	-	-	-	-	-	-
(iv) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	891,784	308,416	2,766,160	-	-	3,966,360

Trade payables ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled and not due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	
(i) Trade Payables - MSME	-	-	-	-	-	-
(ii) Trade Payables - Others	733,645	1,910,867	37,045	-	-	2,681,557
(iii) Accrued Expenses	-	-	-	-	-	-
(iv) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	733,645	1,910,867	37,045	-	-	2,681,557

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Designit North America, Inc.

Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

26 Financial instruments measurement and disclosure

a) Financial instruments by category

Particulars	As at 31 March 2023				As at 31 March 2022			
	FVTOCI	FVTPL	Amortised cost	Total	FVTOCI	FVTPL	Amortised cost	Total
Financial assets:								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	599,759	599,759	-	-	272,236	272,236
Cash and cash equivalents	-	-	66,538	66,538	-	-	438,377	438,377
Unbilled revenue	-	-	15,275	15,275	-	-	12,000	12,000
Other financial assets	-	-	1,421,247	1,421,247	-	-	1,582,540	1,582,540
Total	-	-	2,102,819	2,102,819	-	-	2,305,153	2,305,153
Financial liabilities:								
Borrowings	-	-	18,050,000	18,050,000	-	-	18,050,000	18,050,000
Lease liabilities	-	-	707,794	707,794	-	-	1,309,328	1,309,328
Trade payables	-	-	3,966,360	3,966,360	-	-	2,681,557	2,681,557
Other financial liabilities	-	-	1,206,948	1,206,948	-	-	398,940	398,940
Total	-	-	23,931,102	23,931,102	-	-	22,439,825	22,439,825

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

The Company's principal financial liabilities, comprises of trade and other payables. The Company's principal financial assets include trade receivables, and cash and bank balances and other balances that derive directly from its operations.

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
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in US\$	Sensitivity analysis

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) 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 not exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities as the company transactions are carried out in USD and it does not hold any investments or financial instruments in currency other than USD.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

i) Cash and cash equivalents

Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components as at the Balance sheet date are the carrying amounts as furnished in Note 8. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

ii) Trade receivables

Customer Credit Risk is managed as per Company's established policy, procedures and controls relating to customer credit risk management which interalia involves obtaining credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in normal course of business.

(e) 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.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their

31 March 2023	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	18,050,000	-	-	18,050,000
Trade payables	3,966,360	-	-	3,966,360
Other financial liabilities	1,206,948	-	-	1,206,948
Lease Liabilities	650,760	57,034	-	707,794
Total	23,874,068	57,034	-	23,931,102
31 March 2022	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	18,050,000	-	-	18,050,000
Trade payables	2,681,557	-	-	2,681,557
Other financial liabilities	398,940	-	-	398,940
Lease liabilities	601,536	707,792	-	1,309,328
Total	21,732,033	707,792	-	22,439,825

28. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity as below:

- Equity includes equity share capital and all other equity components, which attributable to the equity holders
- Net Debt includes borrowings, less cash and cash equivalents.

Particulars	Note	As at 31 March 2023	As at 31 March 2022
Borrowings	12	18,050,000	18,050,000
Lease liabilities	25	707,794	1,309,329
Less: Cash and cash equivalents	8	66,538	438,377
Net debt		18,691,256	18,920,952
Equity share capital	10	209,850	209,850
Other equity	11	(21,778,905)	(19,386,558)
Total capital		(21,569,055)	(19,176,708)
Gearing ratio		(0.87)	(0.99)

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

Designit North America, Inc.
Notes to the special purpose financial statements for the year ended 31 March 2023

(Amount in USD, unless otherwise stated)

29 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2023 and the date of authorization of these financial statements.

30 Previous year's figure have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

As per our report of even date

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

For and on behalf of the Board
Designit North America, Inc.

S/d
Seethalakshmi M
Partner
M No.: 208545
Bengaluru
23-May-23

S/d
Nicolas Parmaksizian
Director
London, United Kingdom
23-May-23

S/d
Mohit Bansal
Director
United States of America
23 May 2023