Special Purpose Financial Statements and Independent Auditor's Report

WIPRO JAPAN KK

31 March 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of **WIPRO JAPAN KK**

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of **WIPRO JAPAN KK** ("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 profit, total comprehensive income, 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.

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

Sd/-

Seethalakshmi M
Partner
Membership No. 208545

Bengaluru
23 May 2023

Wipro Japan KK
Special Purpose Balance Sheet as at 31 March 2023
(All amounts are in JPY, unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	145,831,463	201,331,756
Right of use asset	4	32,372,145	80,797,689
Goodwill	5	488,414,960	-
Financial assets			
Investment in subsidiary	7	-	182,500,000
Other financial assets	6	49,719,600	49,719,600
Deferred tax assets (net)	31	2,633,387	14,833,080
Total non-current assets		**718,971,555**	**529,182,125**
Current assets			
Financial assets			
Trade receivables	9	765,116,397	1,299,260,611
Unbilled receivables		68,624,835	258,105,853
Loans to subsidiary	11	312,638,599	980,552,084
Cash and cash equivalents	10	280,612,934	322,701,345
Contract assets		5,465,957	15,954,131
Other current assets	8	7,422,509	763,883
Total current assets		**1,439,881,231**	**2,877,337,907**
Total assets		**2,158,852,786**	**3,406,520,032**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	431,652,500	431,652,500
Other equity		852,672,436	1,406,223,442
Total equity		**1,284,324,936**	**1,837,875,942**
Liabilities			
Non-current liabilities			
Provisions	13	5,696,882	13,438,380
Total non-current liabilities		**5,696,882**	**13,438,380**
Current liabilities			
Financial liabilities			
Trade payables	14	296,955,038	813,792,689
Lease libilities	19	28,587,453	76,853,010
Other financial liabilities	15	31,543,048	65,139,669
Other current liabilities	16	334,890,887	335,180,688
Provisions	13	3,373,188	14,807,467
Current tax liabilities (net)		173,481,354	249,432,187
Total current liabilities		**868,830,968**	**1,555,205,710**
Total Equity and Liabilities		**2,158,852,786**	**3,406,520,032**

Summary of significant accounting policies 1-2
The accompanying notes are an integral part of these financial statements.

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

Sd/-
Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

For and on behalf of the Board of Directors of Wipro Japan KK

Sd/-
Dhruv Anand
Director

Wipro Japan KK

Special Purpose Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are in JPY, unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
INCOME			
Revenue from operations	20	3,734,111,701	3,606,875,871
Other income	21	42,858,642	43,543,327
Total Income		**3,776,970,343**	**3,650,419,198**
EXPENSES			
Employee benefits expense	22	371,046,981	519,943,677
Finance cost	23	1,154,042	811,626
Depreciation	24	108,325,678	66,203,651
Other expenses	25	2,917,367,186	2,581,922,244
Total expenses		**3,397,893,887**	**3,168,881,198**
Profit before tax		**379,076,456**	**481,538,000**
Tax expense			
Current tax	31	143,427,767	118,403,240
Deferred tax	31	12,199,695	33,911,794
Total tax expense		**155,627,462**	**152,315,034**
Profit for the year		**223,448,994**	**329,222,966**
Other comprehensive income		-	-
Total comprehensive income for the period		**223,448,994**	**329,222,966**
Earnings per equity share			
Basic and diluted	26	335,509	494,329

Summary of significant accounting policies 1-2

The accompanying notes are an integral part of these financial statements.

As per our report attached

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No.: 003990S/S200018

For and on behalf of the Board of Directors of
Wipro Japan KK

Sd/-
Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

Sd/-
Dhruv Anand
Director

Wipro Japan KK

Special Purpose Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in JPY, unless otherwise stated)

A.Equity share capital

	Note	Balance
As at 1 April 2021	12	431,652,500
Changes in equity share capital		-
As at 31 March 2022		431,652,500
Changes in equity share capital	12	-
As at 31 March 2023		431,652,500

B.Other Equity

	Other equity			
	Capital reserve	**Capital surplus**	**Retained earnings**	**Total Other Equity**
As at 1 April 2021	**60,000,000**	**569,957,500**	**447,042,976**	**1,077,000,475**
Profit for the period	-	-	329,222,966	329,222,966
As at 31 March 2022	**60,000,000**	**569,957,500**	**776,265,942**	**1,406,223,442**
Profit for the period	-	-	223,448,994	223,448,994
Dividend Paid	-	-	(777,000,000)	(777,000,000)
Transfer to capital reserve (Legal requirement on account of Dividend Payout)	47,913,125	-	(47,913,125)	-
As at 31 March 2023	**107,913,125**	**569,957,500**	**174,801,811**	**852,672,436**

The accompanying notes are an integral part of these financial statements.

As per our report attached

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

Sd/-
Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

For and on behalf of the Board of Directors of Wipro Japan KK

Sd/-
Dhruv Anand
Director

Wipro Japan KK

Special Purpose Statement of Cashflow for the year ended 31 March 2023

(All amounts are in JPY, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit/(Loss) for the period	**223,448,994**	**329,222,966**
Adjustments to reconcile profit for the year to net cash generated from operating activities		
Depreciation	108,325,678	66,203,651
Net unrealised exchange (gain)/ loss	35,903,120	(4,939,270)
Income tax expense	155,627,462	152,315,033
Finance and other income, net of finance costs	(2,786,668)	(6,382,904)
Provision for diminution in value of current investment	182,500,000	-
Provision for doubtful Debts	(15,156,058)	15,969,808
	687,862,528	**552,389,284**
Changes in operating assets and liabilities, net of effects from acquisitions		
Trade receivables	549,300,272	(278,854,017)
Unbilled receivables and contract assets	199,969,192	(283,148,321)
Other assets	(6,658,628)	(63,180,231)
Trade payables, other liabilities and provisions	(837,544,007)	1,004,305,241
Cash generated from operating activities before taxes	**592,929,356**	**931,511,956**
Direct taxes paid	-	-
Net cash generated by operating activities	**592,929,356**	**931,511,956**
Cash flows from investing activities:		
Payment for acquisition of assets	(492,814,800)	(307,271,210)
Loans (to)/repayment by subsidiary	667,913,485	(472,988,340)
Investment in Subsidiary	-	(182,500,000)
Interest Received	3,940,710	7,194,531
Net cash used in investing activities	**179,039,394**	**(955,565,019)**
Cash flows from financing activities:		
Dividend paid	(777,000,000)	-
Interest and finance costs paid	(1,154,042)	(811,626)
Net cash used in financing activities	**(778,154,042)**	**(811,626)**
Net decrease in cash and cash equivalents during the year	**(6,185,291)**	**(24,864,690)**
Cash and cash equivalents at the beginning of the period	322,701,345	342,626,764
Effect of exchange rate changes on cash	(35,903,120)	4,939,270
Cash and cash equivalents at the end of the period (refer note 10)	**280,612,934**	**322,701,345**

The accompanying notes are an integral part of these financial statements.

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

For and on behalf of the Board of Directors
of Wipro Japan KK

Sd/-
Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

Sd/-
Dhruv Anand
Director

Wipro Japan KK

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

(All amounts are in JPY, unless otherwise stated)

1 The Company Overview

Wipro Japan KK (“the Company”) is a subsidiary of Wipro Limited (the holding company). It is incorporated and domiciled in Japan. The Company is engaged in promoting and creating new customers for the holding company and providing software development services. The Company's holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India.

2 Summary of significant accounting policies

a) Statement of compliance and Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ("the Companies Act"). 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 standalone financial statements, except for the adoption of new accounting standards, amendments and interpretations effective from April 1, 2022.
These financial statements are 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 Company has incurred net profit of JPY 223,448,994 (net profit of JPY 329,222,966 for year ended on 31 March 2022) during the year ended 31 March 2023. The financial statements have been prepared on a 'Going Concern' basis.

b) Basis of Measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except the following material impacts which has been measured at fair value as required by relevent Ind as -

a) Derivative Finanacils Instruments;

b) Financials 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 at present value of defined benefit obligation less FV of plan assets.

d) Contingent consideration.

c) Use of estimates and judgment

The preparation of the financial statements in confirmity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from estimates.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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 statement is included in the following notes:

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

ii) **Impairment testing:** Goodwill and intangible assets with indefinite useful life recognised on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of an asset or a cash generating unit to which an asset pertains is less than the carrying value. The Company assesses acquired intangible assets with finite useful life for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of an asset or a cash generating unit is higher of value in use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate,future economic and market conditions.

iii) **Income taxes:** The major tax jurisdictions for the Company is the 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.

iv) **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.

v) **Business combinations:** In accounting for business combinations, judgment is required to assess whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

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

vii) **Expected credit losses on financial assets:** On application of Ind AS 109, 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

viii) **Useful lives of property, plant and equipment:** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

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.

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

x) **Provisions and contingent liabilities:** The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates. The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

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

d) Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Critical judgements in applying accounting policies
Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgment.

Significant estimates in applying accounting policies
Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances. Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software and other assets.

e) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.
(i) An asset is classified as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

(ii) All other assets are classified as non-current.
(iii) A liability is classified as current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- 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

(iv) All other liabilities are classified as non-current.
(v) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on nature of service and the time between acquisition of assets for development and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities which pertains to the business.

f) Foreign currency

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction. Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The exchange difference between the rate at which foreign currency transactions are accounted and the rate at which they are re-measured/ realized is recognized in the statement of profit and loss.

Functional and presentation currency

The financial statements are presented in JPY which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest JPY, unless otherwise indicated.

g) 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. 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**
Building	Useful life or lease term whichever is lower
Furniture & Fixtures	2-7 years
Plant & Machinery	3-10 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 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.

h) Business combinations, Goodwill and Intangible assets

i) Business combinations

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

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

Common Control business combinations

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

ii) Goodwill

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

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

iii) Intangible assets

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

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

The estimated useful life of amortisable intangibles is reviewed and where appropriate is adjusted, annually. The estimated useful lives of the amortisable intangible assets are as follows:

Category	**Useful life**
Customer-related intangibles	5 to 10 years
Marketing-related intangibles	7 years

i) 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.

j) 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

k) Revenue

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, management consultancy, 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.

l) 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.

m) Other income

Other income comprises interest income on loan given, gains/(losses) on disposal of financial assets that are measured at FVTPL, and debt instruments at FVTOCI. Interest income is recognized using the effective interest method.

n) Equity

i) Share capital

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.

ii) Retained earnings

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

iii) Other comprehensive income

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.

o) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

p) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

q) Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

q) Financial Instruments (cont'd)

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

ii. Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI);
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at Fair Value Through Profit and Loss (FVTPL)
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

iv. Equity investments
All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Company's balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

q) Financial Instruments (cont'd)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

ii. Gains or losses on liabilities held for trading

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

iii. Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognized less cumulative amortization.

DE recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

r) Non-derivative financial instruments

Non derivative financial instruments consist of:
i) 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;

ii) 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.

r) Non-derivative financial instruments (cont'd)

i) 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 statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

ii) 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.

iii) 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.

s) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.

t) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

u) 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.

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.

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.

v) Earnings per share

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources. 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 antidilutive.

w) Cash flow statement

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

x) New Accounting standards adopted by the Company:
None

y) New amended standards and interpretations

i) 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). The adoption of this amendment has resulted in a reduction of ₹ 51 in opening retained earnings primarily due to allocation of other costs that relate directly to fulfilling contracts.

ii) 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.

iii) 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.

iv) 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.

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

z) Other amendments to the existing standards
None

aa) New Accounting Standards notified and yet to be adopted by the Company:
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.

3 Property, plant and equipment

	Computers	Furniture and fixtures	Non-telecom assets	Office equipments	Total
Gross block (at cost)					
As at 1 April 2021	**23,026,737**	**67,786,666**	**-**	**21,525,926**	**112,339,329**
Additions	74,828,430	-	-	-	74,828,430
Disposals	-	-	-	-	-
As at 31 March 2022	**97,855,167**	**67,786,666**	**-**	**21,525,926**	**187,167,759**
Additions due to business transfer	17,859,835	-	-	-	17,859,835
Additions	105,463,018	-	30,948,494	-	136,411,512
Disposals	(1,419,882)	(45,720,560)	-	(12,646,640)	(59,787,082)
As at 31 March 2023	**219,758,138**	**22,066,106**	**30,948,494**	**8,879,286**	**281,652,024**
Accumulated depreciation					
As at 1 April 2021	**14,657,610**	**65,653,957**	**-**	**20,245,059**	**100,556,626**
Depreciation charge	17,787,493	2,132,709	-	950,867	20,871,069
Disposals	-	-	-	-	-
As at 31 March 2022	**32,445,103**	**67,786,666**	**-**	**21,195,926**	**121,427,695**
Additions due to business transfer	14,279,710	-	-	-	14,279,710
Depreciation charge	53,360,736	-	6,209,488	329,910	59,900,134
Disposals	(1,419,862)	(45,720,560)	-	(12,646,556)	(59,786,978)
As at 31 March 2023	**98,665,687**	**22,066,106**	**6,209,488**	**8,879,280**	**135,820,561**
Net block					
As at 31 March 2022	**65,410,064**	**-**	**-**	**330,000**	**201,331,756**
As at 31 March 2023	**121,092,451**	**-**	**24,739,006**	**6**	**145,831,463**

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4 Right-of-Use assets

	Building	Total
Gross block (at cost)		
As at 1 April 2021	**65,758,168**	**65,758,168**
Additions	96,851,088	96,851,088
Disposals	(65,758,168)	(65,758,168)
As at 31 March 2022	**96,851,088**	**96,851,088**
Additions	-	-
Disposals	-	-
As at 31 March 2023	**96,851,088**	**96,851,088**
Accumulated depreciation		
As at 1 April 2021	**36,478,984**	**-**
Depreciation charge	45,332,582	45,332,582
Disposals	(65,758,167)	(65,758,167)
As at 31 March 2022	**16,053,399**	**16,053,399**
Depreciation charge	48,425,544	48,425,544
Disposals	-	-
As at 31 March 2023	**64,478,943**	**64,478,943**
Net block		
As at 31 March 2022	**80,797,689**	**80,797,689**
As at 31 March 2023	**32,372,145**	**32,372,145**

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5 Goodwill

The movement in goodwill balance is given below:

	Year ended 31 March 2023	**Year ended 31 March 2022**
Balance at the beginning of the year	-	-
Acquisition through business combination	488,414,960	-
Balance at the end of the year	**488,414,960**	**-**

On July 1, 2022, as part of business transfer of Wipro Appirio KK, the company acquired existing contracts, assets, liabilities and employees of Wipro Appirio KK for an upfront cash consideration of 544,899,516 JPY (Along with mandatory consumption tax payable to governement of 49,199,516 JPY). The fair value of net assets acquired is 7,285,040 JPY and goodwill is 488,414,960 JPY.

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Wipro Japan KK
Notes to the special purpose financial statements for the year ended 31 March 2023
(All amounts are in JPY, unless otherwise stated)

6 Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current		
Security deposits	49,719,600	49,719,600
	49,719,600	**49,719,600**

7 Investments

Particulars	As at 31 March 2023	As at 31 March 2022
Investment in subsidiaries (unquoted)		
Designit Tokyo Ltd. (Principal place of business: Japan, 100% holding)	182,500,000	182,500,000
Provision for diminution in value	(182,500,000)	-
Net Investment Value	**-**	**182,500,000**

8 Other current assets

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	4,186,354	763,883
Social insurance	565,390	-
Others	2,670,765	-
	7,422,509	**763,883**

9 Trade receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables*	564,167,836	947,340,090
Less: Allowance for lifetime expected credit loss	(813,750)	(15,969,808)
	563,354,086	**931,370,282**
Balance with related parties*	201,762,311	367,890,329
	765,116,397	**1,299,260,611**

*Refer Note 17 for ageing analysis
*Refer Note 27 for related parties balance

10 Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
in current account	280,612,934	322,701,345
	280,612,934	**322,701,345**

11 Loans to subsidiary

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current		
Loans to subsidiary (Designit Tokyo Ltd.)	312,638,599	980,552,084
	312,638,599	**980,552,084**

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12 Share capital

	Particulars	As at 31 March 2023	As at 31 March 2022
	Authorized capital		
	650 (2022: 650) equity shares	32,500,000	32,500,000
	16 (2022: 16) equity shares	1,029,110,000	1,029,110,000
	* As per the Local laws of Japan, the Company does not have the concept of face value of equity shares		
		1,061,610,000	**1,061,610,000**
	Issued, subscribed and paid-up capital		
	650 (2022: 650) equity shares	24,375,000	24,375,000
	16 (2022: 16) equity shares	407,277,500	407,277,500
		431,652,500	**431,652,500**
	Reconciliation of the number of shares		
a)	Number of shares outstanding as at beginning of the year	666	666
	Add: Issue of shares	-	-
	Closing value of shares	**666**	**666**
	Details of share holding by related parties		
b)	Wipro Limited (100% holding)	666	666
		666	**666**

Terms / Rights attached to equity shares

c) The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Japanese yen. 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 distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

d) There has been no issue of bonus shares or issue of shares for consideration other than cash or share buy back during five years immediately preceding 31 March 2023.

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13 Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current		
Compensated absences	5,696,882	13,438,379
	5,696,882	**13,438,379**
Current		
Compensated absences	3,373,188	14,807,467
	3,373,188	**14,807,467**

14 Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues other than micro and small enterprises*	133,042,054	108,134,681
	133,042,054	**108,134,681**
Balances due to related parties*	163,912,984	705,658,008
	296,955,038	**813,792,689**

*Refer note 18 for ageing analysis
*Refer Note 27 for related parties balance

15 Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to employees	31,293,048	65,139,669
Defined contribution	250,000	-
	31,543,048	**65,139,669**

16 Current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Social insurance	-	984,070
Withholding tax payable	308,902	373,640
Consumption tax payable	329,004,189	328,181,599
LIC premium payable	5,575,850	5,639,066
Employee advances	1,953	2,313
	334,890,894	**335,180,688**

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Wipro Japan KK
Notes to the special purpose financial statements for the year ended 31 March 2023
(All amounts are in JPY, unless otherwise stated)

17 Trade Receivable Ageing Schedule

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						
	Not Due	**Less than 6 months**	**6 months - 1 year**	**1- 2 years**	**2- 3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	166,113,427	380,729,411	17,324,998	-	-	-	564,167,836
(ii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables –considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**166,113,427**	**380,729,411**	**17,324,998**	**-**	**-**	**-**	**564,167,836**
Less: Allowance for lifetime expected credit loss	-	-	**813,750**	-	-	-	**813,750**
(v) Balance with group companies	-	-	-	-	-	-	**201,762,311**
Net Trade Receivables	**166,113,427**	**380,729,411**	**16,511,248**	**-**	**-**	**-**	**765,116,397**

(ii) Trade Receivables ageing schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	**Less than 6 months**	**6 months - 1 year**	**1- 2 years**	**2- 3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	856,885,313	83,082,385	7,372,392	-	-	-	947,340,090
(ii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-			-
Total	**856,885,313**	**83,082,385**	**7,372,392**	**-**	**-**	**-**	**947,340,090**
Less: Allowance for lifetime expected credit loss	-	-	-	-	-	-	**15,969,808**
(v) Balance with group companies	-	-	-	-	-	-	**367,890,329**
Net Trade Receivables	**856,885,313**	**83,082,385**	**7,372,392**	**-**	**-**	**-**	**1,299,260,611**

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18 Trade Payables ageing schedule

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					
	Not Due	**Less than 1 year**	**1-2 years**	**2- 3 years**	**More than 3 years**	**Total**
(i) Trade Payables - MSME	-	-	-	-	-	-
(ii) Trade Payables - Others	63,513,564	2,947,432	-	-	-	66,460,996
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Due to Related Parties	-	-	-	-	-	163,912,984
(vi) Unearned revenue	-	-	-	-	-	66,581,058
Total	**63,513,564**	**2,947,432**	**-**	**-**	**-**	**296,955,038**

Trade Payables ageing schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					
	Unbilled & Not Due	**Less than 1 year**	**1-2 years**	**2- 3 years**	**More than 3 years**	**Total**
(i) Trade Payables - MSME	-	-	-	-	-	-
(ii) Trade Payables - Others	49,633,402	31,494,865	-	-	-	81,128,267
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Due to Related Parties	-	-	-	-	-	705,658,008
(vi) Unearned revenue	-	-	-	-	-	27,006,414
Total	**49,633,402**	**31,494,865**	**-**	**-**	**-**	**813,792,689**

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19. IND AS 116 leases related disclosures

i) Total lease liabilities are analysed as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Denominated in the following currencies:		
JPY	28,587,453	76,853,010
Total	**28,587,453**	**76,853,010**
Analysed as:		
Current	28,587,453	76,853,010
Non current	-	-
	28,587,453	**76,853,010**

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	48,425,544	45,332,582
Interest on lease liabilities	1,154,042	811,626
Expense relating to short-term leases and low-value assets	-	-
Total recognised in the statement of profit and loss	**49,579,586**	**46,144,208**

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:	Year ended 31 March 2023	Year ended 31 March 2022
Less than 1 year	28,828,100	45,301,300
Between 1 and 2 years	-	32,946,400
Between 2 and 5 years	-	-
More than 5 years	-	-
Total	**28,828,100**	**78,247,700**

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20 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
Sale of services	2,705,161,314	2,702,907,772
Commission income	1,028,950,387	903,968,099
	3,734,111,701	**3,606,875,871**

Disaggregation of sale of services
The tables below present disaggregated revenues from contracts with customers by business segment and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Revenue		
Sale of services	2,705,161,314	2,702,907,772
	2,705,161,314	**2,702,907,772**
Revenue by nature of contract		
Fixed price and volume based	2,603,664,941	2,661,327,573
Time and materials	101,496,373	41,580,200
	2,705,161,314	**2,702,907,772**

21 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Rental income	38,917,932	36,348,796
Interest income	3,940,710	7,194,531
	42,858,642	**43,543,327**

22 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	416,406,914	499,017,372
Share based compensation charge*	3,055,945	9,235,554
Compensated absences expense	(49,032,415)	11,427,167
Staff welfare expenses	616,537	263,584
	371,046,981	**519,943,677**

*The Company has adopted the restricted stock units plans of the Wipro Limited, the ultimate Holding Company. Under the Plan, the employees of the Company may be granted shares and other stock/cash awards, in accordance with the terms and conditions as specified in the plan. The plan is assessed, managed and administered by the ultimate holding company, The Wipro Technologies Limited Company whose shares have been granted to the employees. The amount of JPY 3,055,945 is recognised as expenditure for the year ended 31 March 2023.

23 Finance cost

	Year ended 31 March 2023	Year ended 31 March 2022
Interest amortization on facilities	1,154,042	811,626
	1,154,042	**811,626**

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24 Depreciation

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property plant and equipment	59,900,134	20,871,069
Depreciation on right of use asset	48,425,544	45,332,582
	108,325,678	**66,203,651**

25 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Travel and conveyance	3,957,337	1,446,086
Sub contracting charges	30,515,287	-
Software development	2,253,890,270	2,225,568,292
Repairs and maintenance	138,431	88,100
Rent	2,421,461	1,745,880
Power and fuel	3,380,941	2,332,881
Capital asset re-imbursements	113,025,004	203,902,882
House keeping and maintenance	4,465,714	4,415,375
Communication	2,282,560	2,771,587
Printing and stationery	886,113	699,910
Legal and professional charges	24,978,234	25,485,249
Staff recruitment	32,163,883	56,120,000
Insurance	9,284,559	813,686
Rates and taxes	14,000	36,000
Business meeting expenses	322,536	65,094
Advertisement	14,157,158	34,600,000
Lifetime expected credit loss / (write-back)	(15,156,058)	15,969,808
Corporate overheads	70,595,764	-
Provision for diminution in value of investment in subsidiary	182,500,000	-
Loan waive off	146,279,316	-
Loss on foreign exchange adjustments, net	35,903,120	4,939,270
Miscellaneous expenses	1,361,556	922,143
	2,917,367,186	**2,581,922,244**

26 Earning per share (EPS)

	Year ended 31 March 2023	Year ended 31 March 2022
Net profit after tax attributable to the equity shareholders	223,448,994	329,222,966
Weighted average number of equity shares - for basic and diluted EPS	666	666
Earnings per share - Basic and diluted	335,509	494,329

* As per the Local laws of Japan, the Company does not have the concept of face value of equity shares

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27 Related Party Relationships, Transactions and Balances

i) The following are the entities with which the Company has related party transactions:

Name of the Party	Relationship with the Company	Country of Incorporation
Wipro Limited	Holding Company	India
Wipro Travel Services Limited	Fellow Subsidiary	India
Wipro Appirio KK	Fellow Subsidiary	Japan
Wipro Chendu Limited	Fellow Subsidiary	China
Designit Tokyo Ltd	Fellow Subsidiary	Japan
Appirio Inc.	Fellow Subsidiary	USA

ii) Transactions with related parties:-

Particulars	Relationship	Year ended 31 March 2023	Year ended 31 March 2022
Sales to subsidiaries			
Wipro Limited	Holding Company	209,468,258	-
Commission & rental income			
Wipro Limited	Holding Company	1,067,868,319	940,316,895
Software development charges			
Wipro Limited	Holding Company	2,171,034,579	2,225,568,292
Wipro Chendu Limited	Fellow Subsidiary		
Purchase of services			
Wipro Travel Services Limited	Fellow Subsidiary	22,164	-
Reimbursement of expenses			
Wipro Limited	Holding Company	28,389,514	22,737,100
HO cost allocation			
Wipro Limited	Holding Company	70,595,764	-
Interest income on loan			
Wipro Appirio KK	Fellow Subsidiary	1,509,453	5,674,305
Designit Tokyo Ltd	Fellow Subsidiary	2,431,257	1,520,226

iii) The company had below inter company balances:-

Particulars	Relationship	Year ended 31 March 2023	Year ended 31 March 2022
Trade receivable			
Wipro Limited	Holding Company	201,762,311	367,890,329
Trade payables			
Wipro Travel Services Limited	Fellow Subsidiary	308,639	-
Appirio Inc.	Fellow Subsidiary	70,788,017	-
Wipro Limited	Holding Company	92,816,328	705,658,008
Loans to subsidiary			
Wipro Appirio KK	Fellow Subsidiary	-	704,000,000
Designit Tokyo Ltd	Fellow Subsidiary	312,000,000	273,000,000
Interest receivable on loan to subsidiary			
Wipro Appirio KK	Fellow Subsidiary	-	2,608,316
Designit Tokyo Ltd	Fellow Subsidiary	638,599	943,767

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28 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2023 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Cash and cash equivalents	10	-	-	280,612,934	280,612,934	280,612,934
Trade receivables	9	-	-	765,116,397	765,116,397	765,116,397
Other financial assets	6	-	-	49,719,600	49,719,600	49,719,600
Investments	7	-	-	-	-	-
Loans to subsidiary	11	-	-	312,638,599	312,638,599.00	312,638,599.00
Total financial assets		**-**	**-**	**1,408,087,530**	**1,408,087,530**	**1,408,087,530**
Financial liabilities :						
Trade payables	14	-	-	296,955,038	296,955,038	296,955,038
Other financial liabilities	15	-	-	31,543,048	31,543,048	31,543,048
Total financial liabilities		-	-	**328,498,086**	**328,498,086**	**328,498,086**

The carrying value and fair value of financial instruments by categories as at 31 March 2022 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Cash and cash equivalents	10	-	-	322,701,345	322,701,345	322,701,345
Trade receivables	9	-	-	1,299,260,611	1,299,260,611	1,299,260,611
Other financial assets	6	-	-	49,719,600	49,719,600	49,719,600
Investments	7	-	-	182,500,000	182,500,000	182,500,000
Loans to subsidiary	11	-	-	980,552,084	980,552,084	980,552,084
Total financial assets		**-**	**-**	**2,834,733,639**	**2,834,733,639**	**2,834,733,639**
Financial liabilities :						
Trade payables	14	-	-	813,792,689	813,792,689	813,792,689
Other financial liabilities	15	-	-	65,139,669	65,139,669	65,139,669
Total financial liabilities		-	-	**878,932,358**	**878,932,358**	**878,932,358**

Notes to financial instruments

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

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29 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
Foreign Currency Risk	Assets or liabilities denominated in Foreign currency	Sensitivity Analysis
Credit risk	Cash and cash equivalent measured at amortized cost	Ageing Analysis
Liquidity risk	Trade payables and other financial liabilities	Rolling cash flow forecasts

A Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from USD, EUR, INR. 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.

The below table presents foreign currency risk from non-derivative financial instruments as of March 31, 2023 and 2022

Particulars	As at Mar 2023		
	USD	INR	EUR
Trade receivables	80,402	-	-
Cash and cash equivalents	1,997,915	-	-
Other assets	2,664	-	-
Lease Liabilities	-	-	-
Loans, borrowings and bank overdrafts	-	-	-
Trade payables and other financial liabilities*	531,721	272,610	4,994
Net assets/ (liabilities)	1,549,260	(272,610)	(4,994)
Exchange Rate	0.0075	0.6172	0.0069

Particulars	As at Mar 2022	
	USD	INR
Trade receivables	137,881	-
Cash and cash equivalents	2,000,000	-
Other assets		
Lease Liabilities	-	-
Loans, borrowings and bank overdrafts	-	-
Trade payables and other financial liabilities	283,146	3,025,286
Net assets/ (liabilities)	1,854,735	(3,025,286)
Exchange Rate	0.0082	0.6227

Sensitivity Analysis - Effect on statement of profit/(loss) & other comprehensive income

Particulars	As at Mar 2023		
	USD	INR	EUR
Exchange rate - Increase by 1%	2,062,685	(4,417)	(7,232)
Exchange rate - Decrease by 1%	(2,062,685)	4,417	7,232

B Credit risk

Credit risk arises from cash and cash equivalents 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.

C 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 2023	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Trade payables	296,955,038	-	-	296,955,038
Other financial liabilities	31,543,048	-	-	31,543,048
Provisions	3,373,188	5,696,882	-	9,070,070
Total	**331,871,274**	**755,688,940**	**-**	**337,568,156**

31 March 2022	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Trade payables	813,792,689	-	-	813,792,689
Other financial liabilities	65,139,669	-	-	65,139,669
Provisions	14,807,467	13,438,380	-	28,245,847
Total	**893,739,826**	**13,438,380**	**-**	**878,932,358**

D 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.

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30 Defined benefit plans- 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. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

Financial assumptions

Particulars	As at March 2023	As at March 2022
Discount rate (per annum)	0.256%	0.016%
Salary growth rate (per annum)	2.000%	3% for the first year and 2% thereafter

Sensitivity Analysis

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	9,328,357	8,811,783	28,815,667	27,676,025
(change compared to base due to sensitivity)	2.80%	-2.80%	2.00%	-2.00%
Salary Growth Rate (- / + 1%)	8,827,552	9,322,029	27,717,665	28,790,745
(change compared to base due to sensitivity)	-2.70%	2.80%	-1.90%	1.90%
Attrition Rate (- / + 50%)	9,385,609	8,937,848	30,021,724	27,484,666
(change compared to base due to sensitivity)	3.50%	-1.50%	6.30%	-2.70%
Mortality Rate (- / + 10%)	9,070,443	9,069,697	28,247,185	28,244,509
(change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

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Wipro Japan KK
Notes to the special purpose financial statements for the year ended 31 March 2023
(All amounts are in JPY, unless otherwise stated)

31 Effective Tax Rate (ETR) reconciliation

Particulars	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Income tax expense in the Statement of Profit and Loss comprises of:		
Current tax	143,427,767	118,403,240
Deferred tax	12,199,695	33,911,794
	155,627,462	**152,315,034**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as below:

	Year ended 31 March 2023	**Year ended 31 March 2022**
Profit before income tax	379,076,456	481,538,000
Enacted tax rates in the Japan (%)	32.47%	32.47%
Computed expected tax expense	123,067,171	156,331,312
Tax effect due to set-off of unabsorbed brought forward losses from earlier years	-	-
Tax effect due to income not chargeable to tax		-
Tax effect on expenses disallowed for tax computation	47,594,291	-
Tax expense of earlier years	(14,335,141)	(2,679,273)
Others	(698,860)	(1,337,005)
Tax expense as per financials	**155,627,462**	**152,315,034**

Deferred Tax Asset

Deferred tax assets/ Liabilities (net) :	**Year ended 31 March 2023**	**Year ended 31 March 2022**
DTA on Business loss carried forward	14,833,080	14,833,080
DTA / DTL on other originating / reversing temporary differences	11,584,894	-
DTA / DTL on goodwill amortization of Wipro Appirio KK	(23,784,587)	-
Total	**2,633,387**	**14,833,080**

(This space has been intentionally left blank)

32 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 standalone financial statements.

33 Comparatives

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

Sd/-

Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

For and on behalf of the Board of Directors of Wipro Japan KK

Sd/-
Dhruv Anand
Director