Ind AS Special Purpose Financial Statements

Designit North America Inc.

31 March 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Designit North America Inc.

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Designit North America Inc. ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31st March 2022, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Financial Statements"). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited ("the Parent") solely for inclusion in the annual report of Wipro limited for the year ended March 31, 2022 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS").

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

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 special purpose 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.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the accompanying financial statements which indicates that the Company has incurred net loss of USD 2.8 million for the year ended 31 March 2022 and has accumulated losses amounting USD 19.38 million as on 31 March 2022. These events or conditions indicate that a material uncertainty exists which may cast a significant doubt on the Company's ability to continue as going concern. However, basis the ongoing support of the Ultimate Holding Company and the ongoing assessment of business opportunities, the management considers going concern basis of accounting for preparation of accompanying financial statements to be appropriate. Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction of Use

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

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance and total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

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

Sd/-
M Seethalakshmi
Partner
Membership No. 208545

Place of Signature: Bengaluru
Date: 20-06-2022

Designit North America Inc.

Special purpose balance sheet as at 31 March 2022

(Amount in USD, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	25,474	75,757
Right of use asset	5	1,033,906	1,730,496
Financial assets			
Other financial assets	6	1,565,173	640,173
Deferred tax assets (net)	7	-	168,571
Other non-current assets	8	51,086	51,086
Total non-current assets		**2,675,639**	**2,666,083**
Current assets			
Financial assets			
Trade receivables	9	272,236	467,137
Cash and cash equivalents	10	438,377	272,909
Unbilled receivables		12,000	12,500
Other financial assets	6	17,367	7,770
Contract assets		16,143	124,940
Other current assets	8	-	798
Total current assets		**756,123**	**886,054**
TOTAL ASSETS		**3,431,762**	**3,552,137**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	209,850	209,850
Other equity	12	(19,386,558)	(16,543,339)
Total equity		**(19,176,708)**	**(16,333,489)**
Non-current liabilities			
Financial liabilities			
Borrowings	13	18,050,000	-
Lease liabilities		707,793	1,309,330
Deferred tax liabilities (net)		89,753	-
Total non-current liabilities		**18,847,546**	**1,309,330**
Current liabilities			
Financial labilities			
Short term borrowings	13	-	16,217,139
Trade payables	15	2,681,557	704,873
Lease liabilities		601,536	806,223
Unearned revenues		12,500	12,500
Other financial liabilities	14	386,440	699,185
Provisions	16	78,891	136,376
Total current liabilities		**3,760,924**	**18,576,296**
TOTAL EQUITY AND LIABILITIES		**3,431,762**	**3,552,137**
Summary of significant accounting policies	**1-3**		

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

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

Bengaluru
20 June 2022

Designit North America Inc.

Special purpose statement of profit and loss for the year ended 31 March 2022

(Amount in USD, unless otherwise stated)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
INCOME			
Revenue from operations	17	7,088,069	7,856,323
Other income	18	198,721	15,045
Total income		**7,286,790**	**7,871,368**
EXPENSES			
Employee benefits expense	19	5,311,837	7,163,359
Finance costs	20	348,966	376,703
Depreciation and amortisation expenses	21	753,124	853,409
Other expenses	22	5,323,438	2,560,689
Total expenses		**11,737,365**	**10,954,160**
Profit before tax		**(4,450,575)**	**(3,082,792)**
Tax expenses	**24**		
Current tax		(1,066,393)	-
Deferred tax		(540,964)	525,955
Total tax expenses		(1,607,357)	525,955
Profit for the year		**(2,843,218)**	**(3,608,747)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive income / (loss) for the year, net of taxes		**(2,843,218)**	**(3,608,747)**
Total comprehensive income for the year			
Earnings per share			
Basic and diluted	23	(0.25)	(0.32)
Face value per equity share		0.02	0.02

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Bengaluru
20 June 2022

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

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

Designit North America Inc.
Special purpose statement of changes in equity for the year ended 31 March 2022

A. Equity share capital

	Note	Balance
As at 1 April 2020	11	209,850
Changes in equity share capital		-
As at 31 March 2021	11	209,850
Changes in equity share capital		-
As at 31 March 2022	11	209,850

B. Other equity

	Other equity		
	Common Control Transaction Reserve	Retained earnings	Total other equity
As at 1 April 2020	**(3,800,000)**	**(9,134,593)**	**(12,934,593)**
Profit for the year	-	(3,608,747)	(3,608,747)
As at 31 March 2021	**(3,800,000)**	**(12,743,340)**	**(16,543,340)**
Profit for the year	-	(2,843,218)	(2,843,218)
As at 31 March 2022	**(3,800,000)**	**(15,586,558)**	**(19,386,558)**

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

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

Bengaluru
20 June 2022

Designit North America Inc.
Special purpose cash flow statement for the year ended 31 March 2022

(Amount in USD, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flow from operating activities		
Profit for the year	(2,843,218)	(3,608,746)
Adjustments for:		
Depreciation and amortisation expenses	753,124	853,409
Finance costs on borrowings	348,966	376,703
Income tax expense	(1,607,357)	525,955
Loss on sale of Assets	1,176	7,120
Exchange Differences, net	(21,382)	(20,684)
Interest (income)/expenses		
	(525,473)	1,742,503
Operating profit/(loss) before working capital changes	(3,368,691)	(1,866,243)
Movements in working capital:		
Trade receivables	194,903	57,012
Contract assets	109,297	434,846
Unbilled receivable	-	332,229
Other assets	(8,799)	31,273
Trade payables, Other liabilities and provisions	19,656,452	(3,215,376)
Unearned revenues	-	-
Cash generated from operations	**16,583,162**	**(2,360,016)**
Direct tax paid	1,066,393	(1,000)
Net cash from operating activities	**17,649,555**	**(4,227,259)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(8,845)	-
Proceeds from sale of property, plant and equipment	271,738	-
Net cash (used in) from investing activities	**262,893**	**-**
C. Cash flow from financing activities		
Repayment of loans and borrowings	(16,217,139)	(6,999,464)
Proceeds of loans and borrowings	-	12,250,000
Interest paid on loans and borrowings	(723,617)	(522,289)
Repayment of Lease liabilities	(806,223)	(796,012)
Net cash generated from/(used in) financing activities	**(17,746,979)**	**3,932,235**
Net increase in cash and cash equivalents (A+B+C)	**165,468**	**(295,024)**
Cash and cash equivalents at the beginning of the year	272,909	567,930
Cash and cash equivalents at the end of the year	**438,377**	**272,906**
Components of cash and cash equivalents		
Balance with banks in current accounts	438,377	272,909
	438,377	**272,909**

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

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

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
20 June 2022

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

DESIGNIT NORTH AMERICA INC.
(Formerly known as Cooper Software Inc.)

Summary of significant accounting policies and other explanatory information

1. The Company overview

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

The Company has incurred net loss of 2.8 million for the year ended 31 March 2022 and has accumulated losses amounting 19.38 million as on 31 March 2022. The financial statement has been prepared on the assumption that the Company will continue as a going concern, based on the continuing financial support by the shareholders / investors. Further, the Company and its holding Company has adequate liquid assets to support the operation of the Company for next year. Accordingly, the Company will be able to realise its assets and discharge its liabilities as recorded in these financial statements in the normal course of business.

2. Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

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

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

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

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

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

(ii) Basis of measurement

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

a) Derivative financial instruments;

b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and

c) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

(iii) Use of estimates and judgment

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

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

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

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

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

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

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

f) **Impact of Covid-19:** Kindly refer Note No. 30 for impact of Covid-19 on company's operations.

3. Significant accounting policies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and translation

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

(iii) Financial instruments

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

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset.

- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.
- Non- derivative financial instruments are recognised initially at fair value.

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

A. Cash and cash equivalents

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

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

B. Other financial assets:

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

C. Trade and other payables

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

b) Derecognition of financial instruments

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

(iv) Equity

a) Share capital and share premium

The authorised share capital of the Company as of March 31, 2022 is 40,000,000 Equity shares of USD 0.02 per share. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

b) Retained earnings

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

c) Dividend

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

d) **Other reserves**

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

(v) Property, plant and equipment

a) Recognition and measurement

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

b) Depreciation

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

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

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

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

(vi) Leases

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

The Company as a lessee

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

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

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

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

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

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

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

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

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

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

The Company as a lessor

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

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

(vii) Impairment

A) Financial assets

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

B) Non - financial assets

The Company assesses long-lived assets such as property, plant and equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples.

If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

viii) Employee benefits

a) Termination benefits

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

b) Short-term benefits

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

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(ix) Provisions

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

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

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

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

(x) Revenue

The Company derives revenue primarily Design services provided to its clients along with the educational services eg. Training and Coaching services.

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a) Services

The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and and the collectability is reasonably assured. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach:
(1) Identify the contract with a customer,
(2) Identify the performance obligations in the contract,
(3) Determine the transaction price,
(4) Allocate the transaction price to the performance obligations in the contract, and
(5) Recognize revenues when a performance obligation is satisfied.
At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the company uses expected cost-plus margin approach in estimating the stand-alone selling price.
For performance obligations where control is transferred over time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.
The method for recognizing revenues and costs depends on the nature of the services rendered:

A. Time and materials contracts

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

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognised using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognised only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

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

C. Maintenance contracts

Revenue from maintenance contracts is recognised ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

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.

A. Contract Asset and Liabilities

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

B. Remaining Performance Obligations

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

(xi) Finance cost

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

(xii) Other income

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

(xiii) Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

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

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

(xiv) Earnings per share

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

(xv) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.
The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(xvi) Disposal of Assets

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

New Accounting standards adopted by the Company:

<u>New amended standards and interpretations</u>

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

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

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

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

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

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

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

Other amendments to the existing standards

None

(vii) <u>New standards notified and yet to be adopted by the Company</u>

None

Designit North America Inc.
Notes to the Special purpose financial statements for the year ended 31 March 2022

(Amount in USD, unless otherwise stated)

4 Property, plant and equipment

Particulars	Buildings	Furniture and fixtures	Office equipments	Total
Gross block				
Balance as at 1 April 2020	278,658	207,547	166,518	652,723
Additions	-	(19,845)	19,845	-
Deletions	-	-	39,529	39,528
Balance as at 31 March 2021	**278,658**	**187,702**	**146,834**	**613,194**
Additions	-	-	8,845	8,845
Deletions	193,035	20,003	58,700	271,738
Balance as at 31 March 2022	**85,623**	**167,699**	**96,979**	**350,301**
Accumulated depreciation				
Balance as at 1 April 2020	182,845	140,065	132,967	455,878
Depreciation charge for the year	51,848	25,190	39,197	116,235
Disposals	-	-	34,676	34,676
Balance as at 31 March 2021	**234,693**	**165,255**	**137,488**	**537,437**
Depreciation charge for the year	27,876	19,615	9,044	56,535
Disposals	192,817	20,003	56,325	269,145
Balance as at 31 March 2022	**69,752**	**164,867**	**90,207**	**324,827**
Net block				
Balance as at 31 March 2021	**43,965**	**22,447**	**9,346**	**75,757**
Balance as at 31 March 2022	**15,871**	**2,832**	**6,772**	**25,474**

5 Right of use assets:

Particulars	ROU Assets	Total
Gross block at cost		
At 1 April 2020		-
Additions	3,209,380	3,209,380
Deductions for the year	-	-
As at 31 March 2021	**3,209,380**	**3,209,380**
Additions	-	-
Deductions for the year	686,647	686,647
As at 31 March 2022	**2,522,733**	**3,896,027**
Accumulated depreciation		
At 1 April 2020	**739,442**	739,442
Charge for the year	739,442	739,442
Deductions for the year	-	-
As at 31 March 2021	**1,478,884**	**1,478,884**
Charge for the year	696,589	696,589
Deductions for the year	686,646	686,646
As at 31 March 2022	**1,488,827**	**1,488,827**
Net Block		
As at 31 March 2021	**1,730,496**	**1,730,496**
As at 31 March 2022	**1,033,906**	**2,407,200**

6 Other financial assets

	As at 31 March 2022	As at 31 March 2021
Non current		
Loans to related party	1,565,173	640,173
	1,565,173	640,173
Current		
Others	17,367	7,770
	17,367	**7,770**

7 Deferred tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Unabsorbed tax losses	-	168,571
Net deferred tax assets	**-**	**168,571**

8 Other assets

	As at 31 March 2022	As at 31 March 2021
Other non current assets		
Provision for Taxation	51,086	51,086
	51,086	**51,086**
Current		
Advance to suppliers	-	798
	-	**798**

9 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Unsecured		
Considered good	272,236	467,137
Intercompany		-
Others	-	-
Balance having significant increase in credit risk	-	-
Credit impaired	-	-
	272,236	**467,137**
Less: allowance for credit impaired	-	-
	272,236	**467,137**

10 Cash and cash equivalents

Balances with bank in current accounts	438,377	272,909
	438,377	**272,909**

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(Amount in USD, unless otherwise stated)

11 Share capital

	As at 31 March 2022	As at 31 March 2021
Authorised capital		
40,000,000 equity shares [Par value of $ 0.02 per share]	748,062	748,062
	748,062	**748,062**
Issued, subscribed and paid up capital		
11,221,002 equity shares of $ 0.02 each	209,850	209,850
	209,850	**209,850**

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

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	11,221,002	209,850	11,221,002	209,850
Add :Issued during the year.	-	-	-	-
Balance at the end of the year	**11,221,002**	**209,850**	**11,221,002**	**209,850**

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of $ 0.02 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in USD. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

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

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

	As at 31 March 2022		As at 31 March 2021	
	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares
Equity shares of USD 0.02 each fully paid-up				
Wipro IT Services Inc	100%	11,221,002	100%	11,221,002

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

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	As at 31 March 2022	As at 31 March 2021
12 Other equity		
Balance at the beginning of the year		
Common Control Transaction Reserve	(3,800,000)	(3,800,000)
Retained Earnings	(12,743,340)	(9,134,593)
Total	(16,543,340)	(12,934,593)
Add: Net profit/(loss) for the year	(2,843,218)	(3,608,747)
Balance at the end of the year		
Common Control Transaction Reserve	(3,800,000)	(3,800,000)
Retained Earnings	(15,586,558)	(12,743,340)
Total	**(19,386,558)**	**(16,543,340)**

Nature and purpose of reserves:

Common Control Transaction Reserve : Common Control Transaction Reserve pertains to merger of U.S. Branch of Designit Denmark A/S with the Company during the year ended March 31, 2018.

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

13 Borrowings

	As at 31 March 2022	As at 31 March 2021
Long term borrowings		
From related party (Secured)	18,050,000	-
	18,050,000	**-**
Short-term borrowings		
From related party (Secured)	-	16,217,139
	-	**16,217,139**

14 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Employee related liabilities	368,264	611,348
Security deposits	18,176	52,392
Others	-	35,445
Total	**386,440**	**699,185**

15 Trade payables

	As at 31 March 2022	As at 31 March 2021
Payable to related parties	2,620,785	608,904
Payable to others	10,197	22,249
Provision for expenses	50,575	73,720
Total	**2,681,557**	**704,873**

16 Provisions

	As at 31 March 2022	As at 31 March 2021
Current provisions		
Provision for employee benefits		
Others	78,891	136,376
	78,891	**136,376**

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17 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services	7,088,069	7,819,574
Sale of Products	-	36,749
	7,088,069	**7,856,323**
Revenue by type of contract		
Fixed price and volume based	6,348,683	6,281,864
Time and materials	739,386	1,574,459
	7,088,069	**7,856,323**

18 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income	33,002	5,086
Other exchange differences, net	(21,382)	9,959
Rental Income	187,101	219,510
	198,721	**15,045**

19 Employee benefits expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and bonus	5,290,718	7,098,284
Staff welfare Expenses	21,119	58,327
Share based compensation	-	6,748
	5,311,837	**7,163,359**

20 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense	266,626	255,224
Interest on finance lease	82,340	121,479
	348,966	**376,703**

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21 Depreciation

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on tangible assets	56,535	113,967
Depreciation on right to use assets	696,589	739,442
	753,124	**853,409**

22 Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Sub-contracting / technical fees / third party application	4,579,008	1,736,426
Travel	7,592	12,363
Facility expenses	679,420	679,403
Communication	39,315	72,503
Legal and professional charges	14,282	52,657
Marketing and brand building	1,731	217
Loss on sale of assets	1,176	7,120
Rates & Taxes	914	-
	5,323,438	**2,560,689**

23 Earnings per share (EPS)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit/(loss) for the year	(2,843,218)	(3,608,744)
Weighted average number of shares	11,221,002	11,221,002
Earnings per share		
Basic and diluted	(0.25)	(0.32)
Nominal value - per equity share	0.02	0.02

24 Income tax

Income tax expense has been allocated as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Income tax expense		
Domestic		
Current taxes	(1,066,393)	-
Deferred taxes	(540,964)	525,955
Total income taxes	**(1,607,357)**	**525,955**

	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	(4,450,575)	(3,082,792)
Enacted income tax rate	28%	28%
Computed expected tax expense	(1,066,393)	(863,181)
Effect of:		
DTA not recognised on current year business loss due to reasonable certain	(540,964)	863,181
Tax of prior period	-	525,955
Total income taxes expenses	**(1,607,357)**	**525,955**

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

Nature of relationship	Name of the related party	Country of incorporation
Ultimate Holding Company		
Wipro Limited	Ultimate Holding Company	India
Holding Company		
Wipro IT Services Inc.	Holding Company	USA
Fellow Subsidiaries		
Designit A/S	Fellow Subsidiary	Denmark
Designit Spain Digital S.L.	Fellow Subsidiary	Spain
Designit Denmark A/S	Fellow Subsidiary	Denmark
Designit TLV Ltd	Fellow Subsidiary	Israel
Designit Perú S.A.C.	Fellow Subsidiary	Peru
Designit A/S (Dubai)	Fellow Subsidiary	Dubai
Designit Oslo AS	Fellow Subsidiary	Norway
Designit Tokyo Co., Ltd.	Fellow Subsidiary	Japan
Designit Germany GmbH	Fellow Subsidiary	Germany
Designit Sweden AB	Fellow Subsidiary	Sweden
Designit Denmark A/S Branch in London	Fellow Subsidiary	UK
Designit A/S (Australia & New Zealand)	Fellow Subsidiary	Australia
Designit Colombia S.A.S.	Fellow Subsidiary	Colombia
HealthPlan Services, Inc.	Fellow Subsidiary	USA
Wipro LLC	Fellow Subsidiary	USA
Wipro Designit Services Inc.	Fellow Subsidiary	USA
Wipro Arabia Co. Limited	Fellow Subsidiary	Saudi Arabia
Appirio, Inc.	Fellow Subsidiary	USA
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow Subsidiary	Hungary
Wipro Solutions Canada Limited	Fellow Subsidiary	Canada

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

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

Particulars	Relationship*	Year ended 31 March 2022	Year ended 31 March 2021
Subcontracting & Technical Fees			
Designit TLV Ltd	Fellow Subsidiary	-	27,258
Designit Denmark A/S	Fellow Subsidiary	-	-
Designit Perú S.A.C.	Fellow Subsidiary	-	25,636
Designit A/S (Dubai)	Fellow Subsidiary	-	26,852
Designit Oslo AS	Fellow Subsidiary	-	40,593
Designit Sweden AB	Fellow Subsidiary	-	-
Designit Colombia S.A.S.	Fellow Subsidiary	-	22,056
Designit Denmark A/S Branch in London	Fellow Subsidiary	-	-
Designit A/S	Fellow Subsidiary	1,088,406.60	1,045,753
Designit A/S (Australia & NewZeland)	Fellow Subsidiary	-	25,232
Wipro Designit Services Inc.	Fellow Subsidiary	757,526.04	357,156
Wipro Limited	Ultimate Holding Company	-	287,061
Designit Spain Digital S.L.	Fellow Subsidiary	10,816	39,573
Interest Expense			
Designit Denmark A/S	Fellow Subsidiary	-	17,443
Wipro LLC	Fellow Subsidiary	88,771	97,330
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow Subsidiary	159,119	118,970
Interest Income			
Designit A/S	Fellow Subsidiary	33,002	5,086

Sales & Services

Designit Denmark A/S	Fellow Subsidiary	-	87,961
Designit Germany Gmbh	Fellow Subsidiary	26,642	27,232
Designit Spain Digital S.L.	Fellow Subsidiary	118,349	-
Designit Tokyo Co., Ltd.	Fellow Subsidiary	-	12,004
Designit Perú S.A.C.	Fellow Subsidiary	29,692	-
Designit A/S (Australia & New Zealand)	Fellow Subsidiary	12,239	-
Designit Oslo AS	Fellow Subsidiary	638	-
Designit Sweden AB	Fellow Subsidiary	507	-
Wipro LLC	Fellow Subsidiary	7,984	3,372,979
Designit Colombia S.A.S.	Fellow Subsidiary	1,886,915	-
Designit Denmark A/S Branch in London	Fellow Subsidiary	275,132	12,068
HealthPlan Services, Inc.	Fellow Subsidiary	-	-
Wipro Solutions Canada Limited	Fellow Subsidiary	404,647	53,900
Wipro Limited	Ultimate Holding Company	2,565,510	3,653,286
Appirio, Inc.	Fellow Subsidiary	-	43,684
Wipro Arabia Co. Limited	Fellow Subsidiary	10,814	6,090
Designit A/S (Dubai)	Fellow Subsidiary		14,972
Wipro Holdings UK Limited	Fellow Subsidiary	14,314	-

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

Particulars	Relationship	31 March 2022	31 March 2021
Receivables			
Designit A/S	Fellow Subsidiary	13,822	-
Designit Tokyo Co., Ltd.	Fellow Subsidiary	10,645	7,055
Wipro Limited	Ultimate Holding Company	12,994	269,507
Designit Perú S.A.C.	Fellow Subsidiary	890,865	-
HealthPlan Services, Inc.	Fellow Subsidiary	180,434	-
Appirio, Inc.	Fellow Subsidiary	6,168	5,044
Wipro Arabia Co. Limited	Fellow Subsidiary	97,014	6,090
Designit A/S (Dubai)	Fellow Subsidiary	-	14,752
Designit Denmark A/S	Fellow Subsidiary	1,540	61,098
Designit Germany Gmbh	Fellow Subsidiary	-	10,144
Designit Denmark A/S Branch in London	Fellow Subsidiary	31,053	11,847
Payables			
Wipro LLC	Fellow Subsidiary	216,204	202,088
Wipro Limited	Ultimate Holding Company	2,922,951	233,133
Designit A/S	Fellow Subsidiary	442,239	68,701
Designit A/S (Australia & New Zealand)	Fellow Subsidiary	-	13,091
Wipro Designit Services Inc.	Fellow Subsidiary	24,255	80,670
Designit Spain Digital S.L.	Fellow Subsidiary	-	11,222
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow Subsidiary	124,512	-
Loan payable			
Wipro LLC	Fellow Subsidiary	3,800,000	3,868,932
Wipro Holdings Investment Korlátolt Felelősségű Társaság	Fellow Subsidiary	14,250,000	12,348,207
Loan receivable			
Designit A/S	Fellow Subsidiary	1,565,173	640,173

26 **IND AS 116 leases related disclosures**

i) Total lease liabilities are analysed as follows:

	As at 31 March 2022	As at 31 March 2021
Denominated in the following currencies:		
USD	1,309,329	2,115,553
Total	**1,309,329**	**2,115,553**
Analysed as:		
Current	601,536	806,223
Non current	707,793	1,309,330
	1,309,329	**2,115,553**

ii) Amounts recognised in statement of profit and loss:

The following amounts were recognised as expense in the year:

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of right-of-use assets	696,589	739,442
Interest on lease liabilities	82,340	121,479
Total recognised in the statement of profit and loss	**778,929**	**860,921.00**

iii) Exposure to future cash flows:

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

Maturity analysis:	As at 31 March 2022	As at 31 March 2021
Less than 1 year	601,536	806,223
Between 1 and 2 years	650,759	601,536
Between 2 and 5 years	57,034	707,793
More than 5 years		-
Total	**1,309,329**	**2,115,552**

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27 **Financial instruments measurement and disclosure**

a) Financial instruments by category

Particulars	As at 31 March 2022				As at 31 March 2021			
	FVTOCI	FVTPL	Amortised cost	Total	FVTOCI	FVTPL	Amortised cost	Total
Financial assets:								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	272,236	272,236	-	-	467,137	467,137
Cash and cash equivalents	-	-	438,377	438,377	-	-	272,909	272,909
Unbilled revenue	-	-	12,000	12,000	-	-	12,500	12,500
Other financial assets	-	-	1,582,540	1,582,540	-	-	647,943	647,943
Total	**-**	**-**	**2,305,153**	**2,305,153**	**-**	**-**	**1,400,489**	**1,400,489**
Financial liabilities:								
Borrowings	-	-	18,050,000	18,050,000	-	-	16,217,139	16,217,139
Lease liabilities	-	-	1,309,329	1,309,329	-	-	2,115,553	2,115,553
Trade payables	-	-	2,681,557	2,681,557	-	-	704,873	704,873
Other financial liabilities	-	-	398,940	398,940	-	-	699,185	699,185
Total	**-**	**-**	**22,439,826**	**22,439,826**	**-**	**-**	**19,736,750**	**19,736,750**

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

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

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27 Financial risk management

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

Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost.	Ageing analysis
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in USD	Sensitivity analysis

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/ payables. The compnay is not exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities as the company transactions are carried out in USD and it doesnot hold any investments or financial instruments in currency othen than USD.

(b) Credit risk

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

i) Cash and cash equivalents

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

ii) Trade receivables

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

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(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.

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

31 March 2022	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	-	-	18,050,000	18,050,000
Trade payables	2,681,557	-	-	2,681,557
Other financial liabilities	398,940	-	-	398,940
Lease Liabilities	601,536	707,793	-	1,309,329
Total	3,682,033	707,793	18,050,000	22,439,826

31 March 2021	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	16,217,139	-	-	**16,217,139**
Trade payables	704,874		-	**704,874**
Other financial liabilities	699,185		-	**699,185**
Lease Liabilities	806,223	1,309,330	-	**2,115,553**
Total	**18,427,421**	**1,309,330**	**-**	**19,736,751**

28. Capital Management

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

The Company monitors capital using a gearing ratio, which is net debt divided by total equity as below:
- Equity includes equity share capital and all other equity components, which attributable to the equity holders
- Net Debt includes borrowings, less cash and cash equivalents.

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Borrowings	Financial liability	18,050,000	16,217,139
Lease iabilities	Financial liability	1,309,329	2,115,552
Less: Cash and cash equivalents	Financial asset	438,377	272,909
Net debt		18,920,952	18,059,782
Equity share capital	Equity	209,850	209,850
Other equity	Equity	(19,386,558)	(16,543,339)
Total capital		(19,176,708)	(16,333,489)
Gearing ratio		(0.99)	(1.11)

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

29. Events ocurring after the reporting date

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

30. Impact of Covid-19

The Company basis its assessment believes that the probability of the occurrence of forecasted transactions is not impacted by COVID-19. However the impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The accompanying notes form an integral part of these special purpose 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
Bengaluru
20-Jun-22

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

Sd/-
Mohit Bansal
Director

Sd/-
Mukund Seetharaman
Director