

Special Purpose Financial Statements and Independent Auditor's Report

ITI Proficiency Ltd

31 March 2023



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ITI Proficiency Ltd

Report on the Audit of the Special Purpose Financial Statements

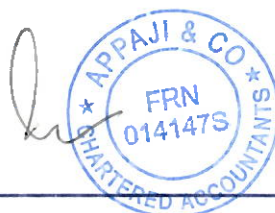
Opinion

We have audited the accompanying special purpose financial statements of ITI Proficiency Ltd ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Special Purpose Financial Statements"). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited ("the Parent") solely for inclusion in the annual report of Wipro limited for the year ended 31 March 2023 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 2023, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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





Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2(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 be 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.

Management Responsibility for the Special Purpose Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.





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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the company has adequate internal financial controls with reference to the special purpose financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For Appaji&Co
Chartered Accountants
Firm's Registration No.014147S



CA P Appaji
Partner
Membership No. 214156
Bengaluru

24 May 2023

Special purpose
Financial Statements and Auditor's Report

ITI Proficiency Ltd

31 March 2023

ITI Proficiency Ltd
Balance Sheet as at 31 Mar 2023
(Amount in ILS, unless otherwise stated)

	Notes	As at	
		31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	25,905	15,796
Other financial assets	5	29,325	29,324
Total non-current assets		55,230	45,120
Current assets			
Financial assets			
Trade receivables	6	2,09,829	6,81,478
Cash and cash equivalents	7	3,12,689	6,37,243
Other current assets	8	9,36,178	1,80,559
Total current assets		14,58,696	14,99,280
TOTAL ASSETS		15,13,926	15,44,400
EQUITY			
Equity share capital	9	67	67
Other equity		(79,52,277)	(51,74,441)
TOTAL EQUITY		(79,52,210)	(51,74,374)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Provisions	10	64,500	87,100
Total non-current liabilities		64,500	87,100
Current liabilities			
Financial liabilities			
Borrowings	11	69,71,187	53,92,910
Trade payables	12	16,65,992	2,91,542
Other financial liabilities	13	-	20,157
Other current liabilities	14	1,86,287	1,04,052
Provisions	10	2,07,028	2,67,987
Contract liabilities		3,71,142	5,55,027
Total current liabilities		94,01,636	66,31,674
TOTAL LIABILITIES		94,66,136	67,18,774
TOTAL EQUITY AND LIABILITIES		15,13,926	15,44,400

The accompanying notes form an integral part of these standalone financial statements

As per our report attached
For Appaji & Co.
Chartered Accountants
Firm Registration No.: 0141475


Appaji Parasa
Partner
Membership No: 214156



For and on behalf of the Board of Directors
ITI Proficiency Ltd


Srikant Godavarti
Director


Rishabh Khemka
Director

Bengaluru
24th May 2023

ITI Proficiency Ltd
Statement of Profit and Loss for the year ended 31 March 2023
(Amount in ILS, unless otherwise stated)

	Notes	For the year ended	
		31 March 2023	31 March 2022
INCOME			
Revenue from operations	15	39,04,474	35,71,099
Other income	16	-	2,58,619
Total Income		39,04,474	38,29,718
EXPENSES			
Purchases of Stock-in-Trade		18,265	8,01,740
Employee benefits expense	17	29,50,642	26,46,683
Finance costs	18	3,10,126	60,838
Depreciation and amortisation expense	4	25,098	19,567
Sub-contracting / technical fees / third party application		21,96,028	13,22,369
Facility expenses		4,200	14,474
Communication		469	878
Legal and professional charges		19,783	1,22,539
Other Expenses	19	11,75,964	2,17,360
Total expenses		66,82,310	52,06,448
Profit before tax		(27,77,836)	(13,76,730)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit for the year		(27,77,836)	(13,76,730)
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 (loss)/ income for the year, net of taxes		-	-
Total comprehensive income for the year		(27,77,836)	(13,76,730)
Earnings per equity share: (Equity shares of par value ILS 0.10 each)			
Basic and diluted	20	(4,146)	(2,055)
Weighted average number of shares		670	670

The accompanying notes form an integral part of these standalone financial statements

As per our report attached
For Appaji & Co.
Chartered Accountants
Firm Registration No.: 0141475


Appaji Parasa
Partner
Membership No: 214156

Bengaluru
24th May 2023

For and on behalf of the Board of Directors
ITI Proficiency Ltd


Srikant Godavarti
Director


Rishabh Khemka
Director

ITI Proficiency Ltd
Statement of Cashflow for the year ended 31 March 2023
(Amount in ILS, unless otherwise stated)

	For the year ended	
	31 March 2023	31 March 2022
Cash flows from operating activities:		
Profit for the year	(27,77,836)	(13,76,730)
Adjustments to reconcile profit for the year to net cash generated from operating activities:		
Depreciation and amortisation expense	25,098	19,567
Assets Written Off	10	
Interest Expenses	3,10,126	60,838
Changes in operating assets and liabilities:		
Trade receivables	4,71,649	(1,10,981)
Other assets	(7,55,619)	(1,08,193)
Trade payables, accrued expenses, other liabilities and provisions	13,73,127	(3,303)
Contract liabilities	(1,83,885)	2,83,122
Cash generated from operating activities before taxes	(15,37,330)	(12,35,679)
Income taxes paid, net	-	-
Net cash generated from operating activities	(15,37,330)	(12,35,679)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(35,217)	(6,635)
Net cash generated from/(used in) investing activities	(35,217)	(6,635)
Cash flows from financing activities:		
Proceeds from loans and borrowings	15,78,277	17,20,314
Interest paid	(3,30,282)	(49,984)
Net cash from in financing activities	12,47,995	16,70,330
Net increase in cash and cash equivalents during the year	(3,24,552)	4,28,016
Cash and cash equivalents at the beginning of the year	6,37,242	2,09,228
Cash and cash equivalents at the end of the year	3,12,688	6,37,243

The accompanying notes form an integral part of these standalone financial statements

As per our report attached

For Appaji & Co.
Chartered Accountants

Firm Registration No.:0141475

Bangalore
FRN:0141475

Appaji Parasa
Partner

Membership No: 214156

Bengaluru
24th May 2023

For and on behalf of the Board of Directors
ITI Proficiency Ltd

Sd/-
Srikant Godavarti
Director

Sd/-
Rishabh Khemka
Director

ITI Proficiency Ltd
Statement of Changes in Equity for the year ended 31 March 2023
(Amount in ILS, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	31 March 2023		31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares	670	67	670	67
Equity share issued during the year	-	-	-	-
Closing number of equity shares	670	67	670	67

B. OTHER EQUITY

Particulars	Retained Earnings		Securities Premium	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Opening balance	(1,73,70,844)	(1,59,94,114)	1,21,96,403	1,21,96,403
Total comprehensive income for the period	(27,77,836)	(13,76,730)	-	-
Closing Balance	(2,01,48,679.83)	(1,73,70,844)	1,21,96,403	1,21,96,403

The accompanying notes form an integral part of these standalone financial statements

As per our report attached

For Appaji & Co.
Chartered Accountants

Firm Registration No.:0141475

Bangalore
FRN:0141475

Appaji Parasa
Partner
Membership No: 214156

Bengaluru
24th May 2023

For and on behalf of the Board of Directors
ITI Proficiency Ltd

Sd/-
Srikant Godavarti
Director

Sd/-
Rishabh Khemka
Director

ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

4 Property, plant and equipment

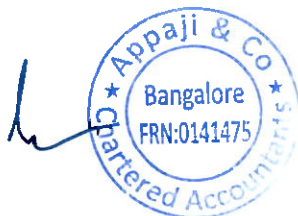
	Buildings	Plant and machinery	Furniture and fixtures	Total
Gross carrying value:				
As at 1 April 2022	30,494	2,37,652	5,184	2,73,330
Additions during the year	-	35,217	-	35,217
Disposals/ adjustments	-	(1,13,179)	-	(1,13,179)
As at 31 March 2023	30,494	1,59,690	5,184	1,95,368
Accumulated depreciation/ impairment:				
As at 1 April 2022	30,493	2,21,858	5,183	2,57,534
Depreciation	-	25,098	-	25,098
Disposals/ adjustments	-	(1,13,169)	-	(1,13,169)
As at 31 March 2023	30,493	1,33,787	5,183	1,69,463
Net book value as at 31 March 2023	1	25,903	1	25,905
Gross carrying value:				
As at 1 April 2021	30,494	2,33,319	5,184	2,68,997
Additions during the year	-	6,635	-	6,635
Disposals/ adjustments	-	(2,302)	-	(2,302)
As at 31 March 2022	30,494	2,37,652	5,184	2,73,330
Accumulated depreciation/ impairment:				
As at 1 April 2021	30,494	2,04,590	5,184	2,40,268
Depreciation	(1)	19,569	(1)	19,567
Disposals/ adjustments	-	(2,301)	-	(2,301)
As at 31 March 2022	30,493	2,21,858	5,183	2,57,534
Net book value as at 31 March 2022	1	15,794	1	15,796



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

	31 March 2023	31 March 2022
5 Other Financial Assets		
Non Current		
Security deposits	29,324	29,324
Salary advances	1	
	<u>29,325</u>	<u>29,324</u>
6 Trade receivables		
Receivable from related parties		
Considered good*	1,53,336	6,24,985
Unsecured		
Considered good*	56,493	56,493
Total Trade receivables	<u>2,09,829</u>	<u>6,81,478</u>
<i>*includes receivable from related parties (refer note 21)</i>		
7 Cash and cash equivalents		
Balances with banks		
Current accounts	3,12,689	6,37,243
	<u>3,12,689</u>	<u>6,37,243</u>
8 Other assets		
Current		
Prepaid expenses	96,805	42,550
Balance with Government Authorities	-	1,38,009
Balance with Subsidiaries	7,24,040	-
Other assets	1,15,332	-
	<u>9,36,177</u>	<u>1,80,559</u>

(This space has been intentionally left blank)



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

	As at	As at
	31 March 2023	31 March 2022
9 Equity Share Capital (Values in ILS)		
I. Authorised capital		
1,000 equity shares	100	100
	100	100
II. Issued, subscribed and fully paid-up capital		
670 (2020: 100) equity shares	67	67
	67	67

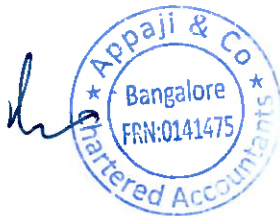
(i.) Shares held by holding company
(International Technegroup Inc, the

Particulars	31 March 2023	31 March 2022
No. of Equity shares of ILS 0.10 each	670	670

(ii.) Details of shareholders holding more than 5% of the total equity shares of the Company

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% held	No. of Shares	% held
International Technegroup Incorporated	670	100%	670	100%

(This space has been intentionally left blank)



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

	As at	
	31 March 2023	31 March 2022
10 Provisions		
Non Current		
Provision for employee benefits	64,500	87,100
	64,500	87,100
Current		
Provision for employee benefits	2,07,028	2,12,787
Provision for compensated absences	-	55,200
	2,07,028	2,67,987
Total Provisions	2,71,528	3,55,087
11 Borrowings	31 March 2023	31 March 2022
Current		
Unsecured		
Loans from related parties*	69,71,187	53,92,910
	69,71,187	53,92,910
Total Borrowings	69,71,187	53,92,910
<i>*Refer note 21 for related party disclosures</i>		
12 Trade payables	31 March 2023	31 March 2022
Trade payables*	15,62,391	1,58,880
Accrued expenses	1,03,601	1,32,662
	16,65,992	2,91,542
<i>*includes payable to related parties (refer note 21)</i>		
13 Other current financial liabilities	31 March 2023	31 March 2022
Interest accrued and due on borrowings	-	20,157
	-	20,157
14 Other current liabilities	31 March 2023	31 March 2022
Statutory and other liabilities	1,10,766	1,04,052
Other Current Liabilities	13,266	
Balance with Government Authorities	62,255	
	1,86,287	1,04,052

(This space has been intentionally left blank)



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

	Year ended	
	31 March 2023	31 March 2022
15 Revenue from operations		
Sale of Services	39,04,474	27,19,582
Sale of products	-	8,51,516
	<u>39,04,474</u>	<u>35,71,099</u>
16 Other income		
Grant income	-	10,308
Other foreign exchange gains/(losses), net	-	2,48,311
	<u>-</u>	<u>2,58,619</u>
17 Employee benefits expense		
Salaries and allowances	27,03,177	22,81,796
Bonus and incentives	1,88,323	2,22,587
Compensated absences	59,143	1,42,300
	<u>29,50,642</u>	<u>26,46,683</u>
18 Finance cost		
Interest on borrowings	3,10,126	60,838
	<u>3,10,126</u>	<u>60,838</u>
19 Other Expenses		
Rates and taxes	71,201	56,256
Subscription & Membership Fees	193	1,033
Audit fees	1,112	-
Software Licence Fees	1,168	382
Insurance Expenses	1,60,093	1,31,454
Bank Charges	23,916	19,928
Repairs and maintenance	2,178	-
Miscellaneous Onsite Claims	-	3,164
Administrative expenses	8,393	5,142
Printing and Stationery	265	-
Other foreign exchange gains/(losses), net	9,07,445	-
	<u>11,75,964</u>	<u>2,17,360</u>
20 Earnings per equity share		
Profit/(Loss) for the Period	(27,77,836)	(13,76,730)
Weighted average number of equity shares outstanding	670	670
Basic and diluted earnings/(loss) per share	(4,146)	(2,055)



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

21 Related Party nature and relationships

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

Name of the Party	Relationship	County of Incorporation
Wipro Limited	Ultimate Holding Company	India
International Technegroup Incorporated	Holding Company	USA
Wipro Holdings Hungary Kft	Fellow Subsidiary	Hungary
Wipro Holdings Investment Kft	Fellow Subsidiary	Hungary
Mechworks S.R.L	Fellow Subsidiary	Italy
International Technegroup Ltd.	Fellow Subsidiary	United Kingdom
International Technegroup S.R.L	Fellow Subsidiary	Italy

ii) The Company had the following transactions with related parties :

Particulars	Year ended	
	31 March 2023	31 March 2022
Sales and services		
International Technegroup Incorporated	19,97,197	5,81,199
International Technegroup Ltd.	9,96,964	20,90,096
Wipro Limited	4,43,208	8,51,516
Subcontracting & technical fees		
International Technegroup Incorporated	2,71,336	43,456
International Technegroup Ltd.	4,50,574	-
Interest expense		
Wipro Holdings Investment Kft	1,10,965	25,077
Wipro Holdings Hungary Kft	1,99,161	38,045
Other Reimbursements		
Wipro Limited	3,813	-

iii) Balances with related parties

Particulars	As at	
	31 March 2023	31 March 2022
Payables:		
International Technegroup Incorporated	3,10,399	43,456
Wipro Limited	22,167	-
International Technegroup Ltd	5,03,997	-
Wipro Holdings Hungary Kft	7,24,040	-
Receivables:		
International Technegroup Ltd	66,054	1,20,281
Wipro Limited	30,264	5,04,703
International Technegroup Incorporated	57,018	-



Loan taken:

Wipro Holdings Investment Kft

Loan Principal	23,55,337	20,61,995
----------------	-----------	-----------

Interest accrued and due on loan	94,436	7,157
----------------------------------	--------	-------

Wipro Holdings Hungary Kft

Loan Principal	43,48,253	33,30,915
----------------	-----------	-----------

Interest accrued and due on loan	1,73,160	12,999
----------------------------------	----------	--------



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

22 Commitments and contingencies

There are no Contingent Liabilities, Capital and Other Commitments as at 31 March 2023 and 31 March 2022.

23 Segment reporting

The Company operates in one business segment, namely sale of software services. In line with IND-AS 108, as the relevant information is available from balance sheet and the statement of profit and loss itself, and keeping in view the objective of segment reporting, the Company is not required to disclose segment information as per IND AS 108.

24 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	Amortized cost	Total carrying value	Total fair value
Financial assets :					
Trade receivables	6	-	2,09,829	2,09,829	2,09,829
Cash and cash equivalents	7	-	3,12,689	3,12,689	3,12,689
Other financials assets	5	-	29,325	29,325	29,325
Total financial assets		-	5,51,844	5,51,844	5,51,844
Financial liabilities :					
Borrowings	11	-	69,71,187	69,71,187	69,71,187
Trade payables	12	-	16,65,992	16,65,992	16,65,992
Other financial liabilities	13	-	-	-	-
Total financial liabilities		-	86,37,179	86,37,179	86,37,179

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

Particulars	Note	FVTPL	Amortized cost	Total carrying value	Total fair value
Financial assets :					
Trade receivables	6	-	6,81,478	6,81,478	6,81,478
Cash and cash equivalents	7	-	6,37,243	6,37,243	6,37,243
Other financials assets	5	-	29,324	29,324	29,324
Total financial assets		-	13,48,046	13,48,046	13,48,046
Financial liabilities :					
Borrowings	11	-	53,92,910	53,92,910	53,92,910
Trade payables	12	-	2,91,542	2,91,542	2,91,542
Other financial liabilities	13	-	20,157	20,157	20,157
Total financial liabilities		-	57,04,608	57,04,608	57,04,608

Notes to financial instruments

- i. 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. The Company has measured investments in equity shares of subsidiaries and joint ventures at the deemed cost. The Company has considered the carrying amount under previous GAAP as the deemed cost.

ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

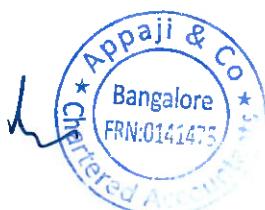
Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

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.



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

25 Financial risk management

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

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

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

A Credit risk

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

Credit risk management

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

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

Expected credit loss for trade receivables under simplified approach

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

The table below provides the cumulative details of customers having balance of more than 10% of the total Account receivable of the entity as of 31st March 2023 and 31st March 2022

Particulars	As at 31st March 2023	As at 31st March 2022
No of customers who owed more than 10% of the total receivables	4	2
Contribution of customers in owing more than 10% of total receivables	100%	94%

An impairment Analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low.



B Liquidity risk

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

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



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

25 Financial risk management (continued)

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.

March 31, 2023	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	69,71,187	-	-	69,71,187
Trade payables	16,65,992	-	-	16,65,992
Other financial liabilities	-	-	-	-
Total	86,37,179	-	-	86,37,179
March 31, 2022	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	53,92,910	-	-	53,92,910
Trade payables	2,91,542	-	-	2,91,542
Other financial liabilities	20,157	-	-	20,157
Total	57,04,608	-	-	57,04,608

C Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31-Mar-23	31 March 2022
Variable rate borrowing	69,71,187	53,92,910
Fixed rate borrowing	-	-
	69,71,187	53,92,910

Interest rate risk

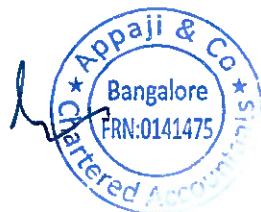
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31-Mar-23	31 March 2022
Interest rates - increase by 50 basis points (50 bps)	34,856	26,965
Interest rates - decrease by 50 basis points (50 bps)	(34,856)	(26,965)

D Foreign currency risk

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



ITI Proficiency Ltd
Notes to the Special Purpose Financial Statements
(Amount in ILS, unless otherwise stated)

26 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 :

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

As at			
	Note	31 March 2023	31 March 2022
Borrowings	Financial liabilities	69,71,187	53,92,910
Less: Cash and cash equivalents	Financial assets	(3,12,689)	(6,37,243)
Net Debt		66,58,498	47,55,667
Equity share capital	Equity	67	67
Other equity	Equity	(79,52,277)	(51,74,441)
Total capital		(79,52,210)	(51,74,374)
Overall financing		(12,93,712)	(4,18,707)

Gearing ratio 0.00 3.43

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.

27 Events occurring after the reporting date

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

As per our report attached

For Appaji & Co.

Chartered Accountants

Firm Registration No: 0141475


Appaji Parasa
Partner
Membership No: 214056



For and on behalf of the Board of Directors

ITI Proficiency Ltd


Srikant Godavarti
Director


Rishabh Khemka
Director

Bengaluru
24th May 2023