

Special Purpose Financial Statements
and Auditor's Report

Designit Peru, S.A.C

31 March 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Designit Peru, S.A.C

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Designit Peru, S.A.C (“the Company”), which comprise the Balance Sheet as at 31 March 2021, 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 2021 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 accounting principles generally accepted in India including Indian Accounting Standards (“Ind AS”) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, 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 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.

Emphasis of Matter

We draw attention to the note 2(i) to the special purpose financial statements which explains that the management intends to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the special purpose financial statements. Accordingly, the special purpose financial statements have been prepared on a basis other than going concern as described in Note 2(i).

Our opinion is not modified in this respect of this matter.

Responsibilities of the Management and Those Charged with Governance 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.

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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Other Matters

The financial statements of the Company for the corresponding year ended 31 March 2020 prepared in accordance with IND AS included in these financial statements are unaudited and have been furnished to us by the management.

Our opinion is not modified in respect of this matter.

Restriction on distribution or use

This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and is not intended to be and should not be used by anyone other than specified parties. 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.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Signature

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 21208545AAAAEV9615

Bengaluru

8 June 2021

Designit Peru, S.A.C
Balance Sheet as at 31 March 2021
(Amount in PEN, unless otherwise stated)

	<u>Notes</u>	<u>As at</u> <u>31 March 2021</u>	<u>As at</u> <u>31 March 2020</u> Unaudited
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	4	-	186,153
Right-of-use assets	5	-	165,878
Financial assets		-	-
Other financial assets	6	-	23,066
Deferred tax assets (net)		-	1,130,207
Total non-current assets		-	1,505,304
Current assets			
Financial assets			
Trade receivables	7	-	631,251
Cash and cash equivalents	8	-	30,181
Other financial assets	9	-	73,082
Contract assets		-	79,445
Total current assets		-	813,960
TOTAL ASSETS		-	2,319,264
<u>EQUITY</u>			
Share capital	10	120,000	120,000
Other equity		(4,388,779)	(2,164,541)
TOTAL EQUITY		(4,268,779)	(2,044,541)
<u>LIABILITIES</u>			
Non-current liabilities			
Financial liabilities			
Provisions		-	11,766
Lease liabilities		-	74,799
Deferred tax liabilities (net)		-	-
Total non-current liabilities		-	86,565
Current liabilities			
Financial liabilities			
Borrowings	11	1,817,798	1,031,054
Trade payables	12	2,450,980	2,704,103
Other financial liabilities	13	-	92,836
Lease Liabilities		-	127,342
Unearned revenues		-	23,006
Provisions		-	18,401
Current tax liabilities (net)		-	204,339
Other current liabilities	14	-	76,160
Total current liabilities		4,268,779	4,277,240
TOTAL LIABILITIES		4,268,779	4,363,805
TOTAL EQUITY AND LIABILITIES		-	2,319,264

Summary of significant accounting policies 3
The accompanying notes are an integral part of these financial statements.

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
8 June 2021

For and on behalf of the Board of Directors of
Designit Peru, S.A.C

Sd/-
Chicho Mascias
Director

Designit Peru, S.A.C**Statement of Profit and Loss for the year ended 31 March 2021**

(Amount in PEN, unless otherwise stated)

	<u>Notes</u>	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u> Unaudited
INCOME			
Income from operations	15	109,763	2,225,545
Other income	16	39,064	249
Total Income		148,828	2,225,794
EXPENSES			
Employee benefits expense	17	738,955	2,238,566
Finance costs	18	25,999	114,467
Depreciation and amortisation expense		67,243	193,489
Other expenses	19	591,079	929,152
Total expenses		1,423,276	3,475,673
Profit before tax		(1,274,449)	(1,249,881)
Tax expense			
Current tax		(180,418)	(125,415)
Deferred tax		1,130,207	(362,512)
Total tax expense		949,789	(487,927)
Profit for the year		(2,224,238)	(761,951)
Other comprehensive income		-	-
Total comprehensive income for the year		(2,224,238)	(761,951)
Earnings per equity share:			
Basic & Diluted	20	(18.54)	(6.35)

Summary of significant accounting policies

3

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

As per our report attached

For PKF Sridhar & Santhanam LLP**Chartered Accountants**

Firm Registration No.: 003990S/S200018

Sd/-

Seethalakshmi M

Partner

Membership No.: 208545

Bengaluru

8 June 2021

For and on behalf of the Board of Directors of

Designit Peru, S.A.C

Sd/-

Chicho Mascias

Director

Designit Peru, S.A.C
Cash Flow Statement for the year ended 31 March 2021
(Amount in PEN, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020 Unaudited
Cash flows from operating activities:		
Profit/ (Loss) for the year	(2,224,238)	(761,951)
Adjustments		
Depreciation and amortisation expense	67,243	193,489
Income tax expense	949,789	(487,927)
Lease liability written back	(39,064)	-
Finance Costs	25,999	114,467
Loss on sale of assets	128,653	-
Exchange Rate Fluctuation	243,475	44,918
Changes in Working Capital		
(Increase) / decrease in trade receivables	631,251	(200,879)
(Increase) / decrease in contract assets	79,445	21,908
(Increase) / decrease in other assets	96,148	291,562
Increase / (decrease) in trade payables, other liabilities and provisions	(475,292)	2,438,415
Cash generated from operations	(516,589)	1,654,000
Direct taxes (paid)	(23,920)	(3,150)
Net cash generated from/(used in) operating activities (A)	(540,510)	1,650,850
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	36,566	-
Net cash generated from/(used in) investing activities (B)	36,566	-
Cash flows from financing activities:		
Proceeds of loans and borrowings	543,269	550,265
Repayment of loans and borrowings	-	(2,450,980)
Interest paid on loans and borrowings	(12,026)	(115,462)
Repayment of lease liabilities	(57,481)	(111,378)
Net cash generated from/(used in) financing activities (C)	473,762	(2,127,555)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	(30,181)	(476,705)
Cash and cash equivalents at the beginning of the year	30,181	506,886
Cash and cash equivalents at the end of the year (Refer Note 8)	-	30,181
Components of cash and cash equivalents (note 8)		
Balances with banks		
in Current account	-	30,181
	-	

The accompanying notes form an integral part of these standalone 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
8 June 2021

For and on behalf of the Board of Directors of
Designit Peru, S.A.C

Sd/-
Chicho Mascias
Director

Designit Peru, S.A.C**Statement of Changes in Equity for the year ended 31 March 2021**

(Amount in PEN, unless otherwise stated)

A. Equity share capital

Equity share capital	Balance as at 01 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
Equity share capital of Face Value PEN 1 each	120,000	-	120,000
	120,000	-	120,000

Other equity

Particulars	Retained Earnings	Total
Balance as at 31 March 2020	(2,164,541)	(2,164,541)
Profit for the year	(2,224,238)	(2,224,238)
Others	-	-
Balance as at 31 March 2021	(4,388,779)	(4,388,779)

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

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

For and on behalf of the Board of Directors of
Designit Peru, S.A.C

Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
8 June 2021

Sd/-
Chicho Mascias
Director

DESIGNIT PERU, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN unless otherwise stated)

1. The Company overview

Designit Peru, S.A.C (the “Company”), incorporated in Peru is provider of Design services to various global business enterprises. The Company offers professional consultancy 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.

2. Basis of preparation of financial statement

(i) Basis of preparation

These Special Purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013.

The Company’s financial statement have been prepared on the liquidation basis of accounting, as required by the Company’s management. The Company’s liquidation basis for the preparation of the financial statements is as follows: assets adjusted at estimated realization values, and liabilities adjusted at fair liquidation amounts.

The company has stopped its operations in June 2020 and the management has filed for deregistering the company’s name with the local authorities. Accordingly, these special purpose financial statements have been prepared not on a going concern basis.

The Company and its holding Company has adequate liquid assets to support the liquidation process and discharge the liabilities by bringing in additional capital. Accordingly, the Company will be able to discharge its liabilities as recorded in these financial statements.

(ii) Basis of measurement

The financial statement has been prepared on a historical cost convention and on an accrual basis.

(iii) Use of estimates and judgment

The preparation of the financial statement in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is included in the following notes:

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

provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

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

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

d) Expected credit losses on financial assets: On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

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

f) Impact of Covid'19: Kindly refer Note No. 25 for impact of Covid'19 on company's operations.

3. Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in Peruvian SOL (PEN), which is the functional currency of the Company.

(ii) Transactions and balances

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

(iii) Financial instruments

a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, investments in equity and other eligible current and non-current assets;
- financial liabilities, which include short-term borrowings, trade payables and other eligible current and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

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

A. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash with banks in current account with banks, which can be withdrawn at any time, without prior notice or penalty.

For the purposes of the cash flow statement, cash and cash equivalents include cash with banks.

B. Other financial assets:

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

C. Trade and other payables

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

(iv) Equity and share capital

a) Equity share capital

The authorized share capital of the Company as of March 31, 2021 is 120,000 divided into 120,000 equity shares of PEN 1 each. 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 the Company's undistributed earnings after taxes.

c) Foreign currency translation reserve

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

d) Other reserves

Changes in the fair value of financial assets measured at FVTOCI, other than impairment loss, is recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

(v) Property, plant and equipment

a) Recognition and measurement

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

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

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

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

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

(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 (other than at fair value)

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, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell (FVLCTS) and its value-in-use (VIU). If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(viii) Employee benefits

a) Short-term benefits

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

b) Termination benefits

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

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

(ix) Provisions

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

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

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

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

(x) Revenue

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

a) Services

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

A. Time and materials contracts

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

B. Fixed-price contracts

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

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

C. Maintenance contracts

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

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

b) Products

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

(xi) Finance Costs

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

(xii) Other income

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

(xiii) Income tax

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

a) Current income tax

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

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statement.

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

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. 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

The company does not maintain any bank account. All the receivables are due from and liabilities are paid by immediate holding company. Hence there are no cashflows in the company. Accordingly, Cash flow statement is not prepared.

New Accounting standards adopted by the Company:

(i) New amended standards and interpretations

- i. Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'
- ii. Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- iii. Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- iv. Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- v. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- vi. Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- vii. Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- viii. Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.
- ix. Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

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

Other amendments to the existing standards

None

(ii) New standards notified and yet to be adopted by the Company

None

Designit Peru, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN, unless otherwise stated)

4 Property, plant and equipment

	Building	Furniture and fixtures	Office equipments	Total
Gross block (at cost)				
Balance as at 1st April 2020	218,534	90,743	96,541	405,819
Additions	-	-	-	-
Disposals	218,534	90,743	96,541	405,819
Balance as at 31 March 2021	-	-	-	-
Accumulated depreciation				
Balance as at 1st April 2020	93,583	39,354	86,729	219,666
Depreciation charge	10,927	4,537	5,469	20,933
Disposals	104,510	43,891	92,198	240,599
Balance as at 31 March 2021	-	-	-	-
Net block				
Balance as at 31 March 2020	124,951	51,389	9,813	186,153
Balance as at 31 March 2021	-	-	-	-

5 Right-of-use assets

	ROU Assets	Total
Gross block (at cost)		
Balance as at 1st April 2020	273,260	273,260
Additions	-	-
Disposals	273,260	273,260
Balance as at 31 March 2021	-	-
Accumulated depreciation		
Balance as at 1st April 2020	107,382	107,382
Additions	46,310	46,310
Disposals	153,692	153,692
Balance as at 31 March 2021	-	-
Net block		
Balance as at 31 March 2020	165,878	165,878
Balance as at 31 March 2021	-	-

Designit Peru, S.A.C**Summary of significant accounting policies and other explanatory information**

(Amount in PEN, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
6 Other financial assets		
Non Current		
Security Deposits	-	23,066
	<u>-</u>	<u>23,066</u>
7 Trade receivables		
Unsecured		
Considered good	-	351,064
Considered doubtful	-	-
	<u>-</u>	<u>351,064</u>
Less: Provision for doubtful receivables	-	-
	<u>-</u>	<u>351,064</u>
With Group Companies - Considered good	-	280,187
	<u>-</u>	<u>631,251</u>
8 Cash and cash equivalents		
Balances with banks		
In current accounts	-	30,181
	<u>-</u>	<u>30,181</u>
9 Other financial assets		
Current		
Others	-	73,082
	<u>-</u>	<u>73,082</u>
10 Share capital		
Issued and paid up share capital		
1,20,000 equity shares of PEN 1 each	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:		
Number of shares outstanding as at beginning of the year	120,000	120,000
Number of shares issued during the year	-	-
Number of shares outstanding as at the end of the year	<u>120,000</u>	<u>120,000</u>
Details of share holding pattern by related parties		
Name of shareholders		
Designit Spain Digital SL		
No of Shares	120,000	120,000
% of the holding	100%	100%

Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of PEN 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in PEN 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.

Designit Peru, S.A.C**Summary of significant accounting policies and other explanatory information**

(Amount in PEN, unless otherwise stated)

	As at	As at
	31 March 2021	31 March 2020
11 Borrowings		
Non-current		
Unsecured		
Borrowing from related parties	-	6,379,974
Total borrowings	-	6,379,974
12 Trade payables		
Total Outstanding dues of Micro and Small enterprises	-	-
Total Outstanding dues other than above		
Payable to others		146,122
Payable to related parties	2,450,980	2,556,738
Provision for expenses		1,243
	2,450,980	2,704,103
13 Other financial liabilities		
Current		
Salary Payable	-	92,836
	-	92,836
14 Other current liabilities		
Current		
Statutory Liabilities	-	76,160
	-	76,160

Designit Peru, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
15 Revenue from operations		
Sale of services	109,763	2,225,545
	109,763	2,225,545
Disaggregation of Revenues		
The table below presents disaggregated revenues from contracts with customers by business segment and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.		
	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from Operations		
Sale of Services	109,763	2,225,545
Sale of Products	-	-
	109,763	2,225,545
Revenue by nature of contract		
Fixed price and volume based	109,763	1,844,123
Time and materials	-	381,421
	109,763	2,225,545
16 Other income		
Lease liability written back	39,064	249
	39,064	249
17 Employee benefits expense		
Salaries and Wages	731,050	2,101,394
Staff Welfare Expenses	7,905	137,172
	738,955	2,238,566
18 Finance Cost		
Interest Cost	21,070	97,958
Interest expense on lease	4,929	16,509
	25,999	114,467
19 Other expenses		
Sub-contracting / technical fees / third party application	55,261	407,423
Travel	15,933	188,251
Facility expenses	17,599	54,746
Communication	27,573	59,947
Legal and professional charges	70,931	108,912
Loss on sale of Assets	128,653	
Exchnage Rate Fluctuation	275,129	105,556
Marketing and brand building	-	4,316
	591,079	929,152
20 Earning per share (EPS)		
Net profit/(Loss) after tax attributable to the equity shareholders	(2,224,238)	(761,951)
Weighted average number of equity shares - for basic and diluted EPS	120,000	120,000
Earnings per share - Basic and diluted	(18.54)	(6.35)

Designit Peru, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN, unless otherwise stated)

21 Related party disclosure

a Parties where control exists:

Name	Relationship	Country of Incorporation
Designit Spain Digital S.L.	Holding Company	Spain
Designit North America Inc.	Fellow Subsidiary	USA
Designit Colombia S.A.S.	Fellow Subsidiary	Colombia
Designit A/S	Fellow Subsidiary	Denmark
Wipro Limited	Ultimate Holding Company	India

b The Company has the following related party transactions:

Particulars	Relationship	Year ended 31 March 2021	Year ended 31 March 2020
Subcontracting & Technical Fees			
Designit North America Inc.	Fellow Subsidiary	-	25,338
Designit Colombia S.A.S.	Fellow Subsidiary	-	30,788
Designit A/S	Fellow Subsidiary	55,093	323,341
Designit Spain Digital S.L.	Fellow Subsidiary	-	9,716
Interest Expense			
Designit A/S	Fellow Subsidiary	10,331	67,522
Sales & Services			
Designit North America Inc.	Fellow Subsidiary	87,675	11,281
Designit Spain Digital S.L.	Fellow Subsidiary	-	327,729
Designit Colombia S.A.S.	Fellow Subsidiary	-	233,858
Wipro Limited	Ultimate Holding Company	-	263,495

c Balances with related parties as at year end are summarised below:

Particulars	Relationship	Year ended 31 March 2021	Year ended 31 March 2020
Receivables			
Designit Colombia S.A.S.	Fellow Subsidiary	-	14,495
Wipro Limited	Ultimate Holding Company	-	265,692
Payables			
Designit North America Inc.	Fellow Subsidiary	-	11,970
Designit A/S	Fellow Subsidiary	-	60,656
Designit Spain Digital S.L.	Fellow Subsidiary	2,450,980	2,484,112
Loan Payable			
Designit Spain Digital S.L.	Fellow Subsidiary	99,097	132,576
Designit A/S	Fellow Subsidiary	1,718,701	898,478

Designit Peru, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN, unless otherwise stated)

22 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
Liabilities:			
Financial liabilities			
Trade payables	2,450,980	-	-
Borrowings	1,817,798	-	-
Total	4,268,779	-	-

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
Assets:			
Financial Asset		-	-
Cash and cash equivalents	30,181	-	-
Trade receivables	631,251	-	-
Other financial asset	73,082	-	-
Contract Assets	79,445	-	-
Total	813,960	-	-
Liabilities:			
Financial liabilities			
Trade payables	2,704,103	-	-
Other financial liabilities	92,836	-	-
Borrowings	1,031,054	-	-
Lease liabilities	202,140	-	-
Total	4,030,133	-	-

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.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) 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

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

Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data relying as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Designit Peru, S.A.C

Summary of significant accounting policies and other explanatory information

(Amount in PEN, unless otherwise stated)

23. 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

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

Particulars	Note	As at	As at
		31 March 2021	31 March 2020
Borrowings	Financial liability	1,817,798	1,031,054
Lease liabilities	Financial liability	-	202,140
Less: Cash and cash equivalents	Financial asset	-	30,181
Net debt		1,817,798	1,203,013
Equity share capital	Equity	120,000	120,000
Other equity	Equity	(4,388,779)	(2,164,541)
Total capital		(4,268,779)	(2,044,541)
		(0.43)	(0.59)

Gearing ratio

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.

24. Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2021 and the date of authorization of these standalone financial statements.

25. 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.

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

For and on behalf of the Board of Directors of
Designit Peru, S.A.C

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
8 June 2021

Sd/-
Chicho Mascias
Director