

Ind AS Special Purpose Financial Statements

Designit Spain Digital S.L

31 March 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Designit Spain Digital S.L

Report on the Audit of the Special Purpose Financial Statements

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the accompanying financial statements which indicates that the Company has net loss of EUR 2.58 million for the year ended 31 March 2022. These events or conditions indicate that a material uncertainty exists which may cast a significant doubt on the Company's ability to continue as going concern. However, basis the ongoing support of the Ultimate Holding Company and the ongoing assessment of business opportunities, the management considers going concern basis of accounting for preparation of accompanying financial statements to be appropriate. Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction of Use

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

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

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

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

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

Auditors' Responsibilities for the Audit of the special purpose Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The audited financial statements of the Company for the corresponding year ended 31 March 2021 prepared in accordance with Ind AS included in these financial statements, have been audited by the predecessor auditors whose audit report dated 11th May 2021 expressed an unmodified opinion on those audited financial statements. Our opinion is not modified in respect of this matter.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

Sd/-

M Seethalakshmi

Partner

Membership No. 208545

Place of Signature: Bengaluru

Date: 20-06-2022

Designit Spain Digital S.L
Special purpose balance sheet as at 31 March 2022

(Amount in EUR, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	164,515	160,737
Right of use asset	5	421,283	589,796
Financial assets			
Other financial assets	6	28,000	28,000
Deferred tax assets (net)	7	-	99,325
Total non-current assets		613,798	877,858
Current assets			
Financial assets			
Trade receivables	8	1,010,150	2,104,910
Cash and cash equivalents	9	185,051	221,924
Unbilled receivables		-	57,600
Other financial assets	6	68	55,631
Current tax assets		3	3
Contract assets		40,020	117,693
Other current assets	10	6,882	1,577
Total current assets		1,242,174	2,559,338
TOTAL ASSETS		1,855,972	3,437,196
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	3,051	3,051
Other equity	12	151,741	1,041,528
Total equity		154,792	1,044,579
Non-current liabilities			
Financial liabilities			
Lease liabilities		266,212	439,759
Deferred tax liabilities (net)		3	-
Total non-current liabilities		266,215	439,759
Current liabilities			
Financial liabilities			
Short term borrowings	13	334,513	1,354,513
Trade payables	14	394,152	125,068
Lease liabilities		173,548	167,487
Other financial liabilities	15	101,833	5,696
Provisions	16	27,781	-
Other current liabilities	17	403,138	300,094
Total current liabilities		1,434,965	1,952,858
TOTAL EQUITY AND LIABILITIES		1,855,972	3,437,196
Summary of significant accounting policies	1-3		

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

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

For and on behalf of the Board
Designit Spain Digital S.L

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Paula Otero
Administrator

Bengaluru
20 June 2022

Madrid
20 June 2022

Designit Spain Digital S.L**Special purpose statement of Profit / (Loss) and loss for the year ended 31 March 2022**

(Amount in EUR, unless otherwise stated)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
INCOME			
Revenue from operations	18	3,809,624	3,343,577
Other income	19	13,918	62,146
Total income		3,823,542	3,405,723
EXPENSES			
Employee benefits expense	20	2,964,036	2,641,125
Finance costs	21	37,958	111,337
Depreciation and amortisation expenses	22	228,619	258,712
Other expenses	23	3,083,386	1,076,620
Total expenses		6,313,999	4,087,794
Profit / (Loss) before tax		(2,490,457)	(682,071)
Tax expenses			
Current tax		-	19
Deferred tax		99,328	418,023
Total tax expenses		99,328	418,042
Profit / (Loss) for the year		(2,589,785)	(1,100,113)
Other comprehensive income (OCI)			
Items that will not be reclassified to Profit / (Loss) or loss		-	-
Items that will be reclassified to Profit / (Loss) or loss		-	-
Total other comprehensive income / (loss) for the year, net of taxes		(2,589,785)	(1,100,113)
Earnings per share			
Basic and diluted	24	(848.83)	(360.57)
Face value per equity share		1	1

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

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

For and on behalf of the Board
Designit Spain Digital S.L

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

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Paula Otero
Administrator

Bengaluru
20 June 2022

Madrid
20 June 2022

Designit Spain Digital S.L
Special Purpose Statement of changes in equity for the year ended 31 March 2022

A. Equity share capital

	Note	Balance
As at 1 April 2020	11	3,051
Changes in equity share capital		-
As at 31 March 2021	11	3,051
Changes in equity share capital		-
As at 31 March 2022	11	3,051

B. Other equity

	Other equity		
	Debt Conversion	Retained earnings	Total other equity
As at 1 April 2020	-	141,640	141,640
Profit for the year	2,000,000	(1,100,113)	899,887
As at 31 March 2021	2,000,000	(958,473)	1,041,527
Profit for the year	1,700,000	(2,589,785)	(889,785)
As at 31 March 2022	3,700,000	(3,548,258)	151,742

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

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

For and on behalf of the Board
Designit Spain Digital S.L

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Paula Otero
Administrator

Bengaluru
20 June 2022

Madrid
20 June 2022

Designit Spain Digital S.L
Special purpose cash flow statement for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flow from operating activities		
Profit for the year	(2,589,785)	(1,100,113)
<u>Adjustments for:</u>		
Depreciation and amortisation expenses	228,619	258,712
Finance costs on borrowings	37,958	111,336
Tax expense	99,328	418,042
Exchange Differences, net	1,100	-
Profit on sale of Fixed Assets	(13,104)	-
Other Adjustments	(814)	16,256
	<u>353,087</u>	<u>804,346</u>
Operating profit/(loss) before working capital changes	(2,236,698)	(295,767)
Movements in working capital:		
Trade receivables	1,094,760	149,674
Unbilled receivables	57,600	(57,600)
Contract assets	77,673	186,433
Other financial assets	-	18,445
loans & advances and other assets	49,972	10,120
Trade payables, other liabilities	496,046	1,891,850
Unearned revenues	-	(49,131)
Cash generated in operations	<u>1,776,051</u>	<u>2,149,791</u>
Direct tax paid	-	-
Net cash from operating activities	<u>(460,647)</u>	<u>1,854,024</u>
B. Cash flows from investing activities		
Purchase of tangible and intangible assets	(67,083)	(187,345)
Profit on sale of Fixed Assets	16,304	-
Diminution in Value of Investment	-	93,900
Net cash (used in) from investing activities	<u>(50,779)</u>	<u>(93,444)</u>
C. Cash flow from financing activities		
Repayments of borrowings	-	(1,526,000)
Proceeds of loans and borrowings	680,000	-
Interest paid	(37,958)	(111,336)
Payments of lease liability	(167,488)	(193,680)
Net cash generated from/(used in) financing activities	<u>474,554</u>	<u>(1,831,016)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(36,872)</u>	<u>(70,436)</u>
Cash and cash equivalents at the beginning of the year	<u>221,923</u>	<u>292,360</u>
Cash and cash equivalents at the end of the year	<u>185,051</u>	<u>221,924</u>
Components of cash and cash equivalents		
Balance with banks in current accounts	<u>185,051</u>	<u>221,924</u>
	<u>185,051</u>	<u>221,924</u>

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

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Bengaluru
20 June 2022

For and on behalf of the Board of
Designit Spain Digital S.L

Sd/-
Paula Otero
Administrator

Madrid
20 June 2022

DESIGNIT SPAIN DIGITAL S.L

Summary of significant accounting policies and other explanatory information

(Amount in EUR unless otherwise stated)

1. The Company overview

Design Spain Digital S.L is a subsidiary of Designit A/S (“the holding company”). The Company is incorporated in Spain and is engaged in design services. The functional Currency of the company is EUR and the reporting currency for these financial statements is EUR. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of Indian Companies Act, 2013.

Operational outlook

The Company has incurred net loss of EUR 2.58 million for the year ended 31 March 2022 and has accumulated profit amounting EUR 151 Thousand as on 31 March 2022. The financial statement has been prepared on the assumption that the Company will continue as a going concern, based on the continuing financial support by the shareholders / investors. Further, the Company and its holding Company has adequate liquid assets to support the operation of the Company for next year. Accordingly, the Company will be able to realise its assets and discharge its liabilities as recorded in these financial statements in the normal course of business.

2. Statement of compliance and basis of preparation

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

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

The Standalone financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.;

- Certain financial assets and Liabilities that are measured at fair value;
- Defined benefits plan – Plan assets measured at fair value

The financial statements are presented in EURO (EUR), being the functional and presentation currency, being the currency of the primary economic environment in which the company operates.

(i) New amended standards and interpretations

- (i) Ind AS 107 Financial Instruments: Disclosures – Additional disclosures relating to interest rate benchmark reform (IBOR reform) including nature and extent of risks to which the entity is exposed due to financial instruments subject to interest rate benchmark reform and how the Company manages those risks; the Company’s progress in completing the transition to alternative benchmark rates and how the Company is managing the transition
- (ii) Ind AS 109 Financial Instruments – Guidance provided on accounting for modifications of contracts resulting from changes in the basis for determining the contractual cash flows as a result of the IBOR reform; various exceptions and relaxations have been provided in relation to the hedge accounting.
- (iii) Ind AS 116 Leases – Extension of optional practical expedient in case of rent concessions as a direct consequence of COVID-19 pandemic till 30th June, 2022 and guidance on accounting for modification of lease contracts resulting from the IBOR reform.
- (iv) Ind AS 102 Share based payments – Alignment of liabilities definition with the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.
- (v) Ind AS 103 Business Combination – Alignment of assets and liabilities definition with the Framework for Preparation and Presentation of Financial Statements with Indian Accounting Standards
- (vi) Amendment of definition of term ‘recoverable amount’ in Ind AS 105, Ind AS 16 and Ind AS 36 from ‘fair value less cost to sell’ to ‘fair value less cost of disposal’.

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

(ii) Other amendments to the existing standards

None

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

None

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed in line with the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(v) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

- An asset is current when it is:
 - Expected to be realized within twelve months after the reporting period, or within the normal operating cycle of the company.
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

- A liability is current when:
 - It is expected to be settled in normal operating cycle.
 - It is due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(vi) Use of estimates and judgment

The preparation of the financial statements 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 statements are included in the following notes:

a) Revenue recognition: 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, recognized revenue and profit 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 tax jurisdiction for the Company is Spain. 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 AS109, 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) Impact of Covid-19: Kindly refer Note No. 30 for impact of Covid-19 on company's operations.

3. Significant accounting policies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which this entity operates (i.e. the “functional currency”). The functional currency of the company is EUR and these financial statements are also presented in EUR

(ii) Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are 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 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 expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as 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, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

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

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

A. Cash and cash equivalents

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

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

B. Other financial assets:

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

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) Share capital and share premium

The authorized share capital of the Company as of March 31, 2022 and March 31, 2022 is 3051 Equity shares of 1 EUR per share. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

b) Retained earnings

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

c) Foreign currency translation reserve

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

(v) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific

borrowing costs directly attributable to the construction of a qualifying asset are 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. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	Useful Life or Lease Term whichever is lower
Furniture, fixtures and equipment	3 to 10 years
Office equipment.	2 to 7 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. Deposits & advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown as capital advances under the head of other non-current assets.

(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

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.

(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, business process services, 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 deposits, dividend income and gains / (losses) on disposal of financial assets that are measured at FVTPL, and debt instruments classified as FVTOCI. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

(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 statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

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

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

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

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

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

(xiv) Earnings per share

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

(xv) Cash flow statement

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

Designit Spain Digital S.L

Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

4 Property, plant and equipment

Particulars	Buildings	Furniture and fixtures	Vehicles	Office equipments	Tablets & Cell Phones	Total
Gross block						
Balance as at 1 April 2020	219,344	115,104	16,645	77,698	-	428,791
Additions	520	-	-	36,614	-	37,134
Deletions	117,075	21,480	-	14,996	-	153,551
Balance as at 31 March 2021	102,789	93,624	16,645	99,316	-	312,374
Additions	2,597	1,501	-	54,988	7,997	67,083
Deletions	-	-	16,645	25,126	465	42,236
Balance as at 31 March 2022	105,386	95,125	-	129,178	7,532	337,221
Accumulated depreciation						
Balance as at 1 April 2020	74,192	44,694	12,085	65,717	-	196,688
Depreciation charge for the year	29,661	18,529	2,063	15,925	-	66,178
Disposals	82,095	14,138	-	14,996	-	111,229
Balance as at 31 March 2021	21,758	49,085	14,148	66,646	-	151,637
Depreciation charge for the year	14,949	16,105	-	28,615	437	60,106
Disposals	-	-	14,148	24,889	-	39,037
Balance as at 31 March 2022	36,707	65,190	-	70,372	437	172,706
Net block						
Balance as at 31 March 2022	68,679	29,935	-	58,806	7,095	164,515
Balance as at 31 March 2021	81,031	44,539	2,497	32,670	-	160,737

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Designit Spain Digital S.L**Notes to the Special Purpose financial statements for the year ended 31 March 2022**

(Amount in EUR, unless otherwise stated)

5 Right of use assets:

Particulars	ROU Assets	Total
Gross block at cost		
At 1 April 2020	1,060,936	1,060,936
Additions	-	-
Deductions for the year	218,370	218,370
As at 31 March 2021	842,566	842,566
Additions	-	-
Deductions for the year	-	-
As at 31 March 2022	842,566	842,566
Accumulated depreciation		
At 1 April 2020	110,461	110,461
Charge for the year	192,534	192,534
Deductions for the year	50,225	50,225
As at 31 March 2021	252,770	252,770
Charge for the year	168,513	168,513
Deductions for the year	-	-
As at 31 March 2022	421,283	421,283
Net Block		
As at 31 March 2022	421,283	421,283
As at 31 March 2021	589,796	589,796

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Designit Spain Digital S.L
Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

6 Other financial assets

	As at	As at
	31 March 2022	31 March 2021
Non current		
Security deposits	28,000	28,000
	<u>28,000</u>	<u>28,000</u>
Current		
Balances due from related parties	-	22,555
Others	68	33,076
	<u>68</u>	<u>55,631</u>

7 Deferred tax assets (net)

	As at	As at
	31 March 2022	31 March 2021
Deferred tax assets (net)	-	99,325
Net deferred tax assets	<u>-</u>	<u>99,325</u>

8 Trade receivables

	As at	As at
	31 March 2022	31 March 2021
Unsecured		
Considered good	227,725	415,622
Intercompany	782,425	1,791,623
Credit impaired	-	(102,335)
	<u>1,010,150</u>	<u>2,104,910</u>
Less: allowance for credit impaired	-	-
	<u>1,010,150</u>	<u>2,104,910</u>

The activity in the allowance for expected credit loss is given below:

	As at	As at
	31 March 2022	31 March 2021
Balance at the beginning of the year	102,335	-
Additions during the year, net	-	102,335
Charged against allowance	(102,335)	-
Balance at the end of the year	<u>-</u>	<u>102,335</u>

9 Cash and cash equivalents

Balances with bank in current accounts	185,051	221,924
	<u>185,051</u>	<u>221,924</u>

10 Other assets

	As at	As at
	31 March 2022	31 March 2021
Current		
Prepaid expenses	6,882	1,577
	<u>6,882</u>	<u>1,577</u>

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Designit Spain Digital S.L
Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

11 Share capital

	As at 31 March 2022	As at 31 March 2021
Authorised capital		
3051 Equity Shares (Par Value of EUR 1 per share)	3,051	3,051
	3,051	3,051
Issued, subscribed and paid up capital		
3051 Equity Shares (Par Value of EUR 1 per share)	3,051	3,051
	3,051	3,051

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

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	3,051	3,051	3,051	3,051
Add :Issued during the year.	-	-	-	-
Balance at the end of the year	3,051	3,051	3,051	3,051

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of EUR 1 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

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

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

	As at 31 March 2022		As at 31 March 2021	
	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares
Equity shares of EUR 1 each fully paid-up Designit A/S	100%	3,051	100%	3,051

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

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Designit Spain Digital S.L
Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
12 Other equity		
a) Statement of profit and loss account		
Balance at the beginning of the year	(958,473)	141,640
Add: Net profit/(loss) for the year	(2,589,785)	(1,100,113)
Balance at the end of the year	<u>(3,548,258)</u>	<u>(958,473)</u>
b) Securities premium	-	-
c) Debt Conversion to Capital		
Balance at the beginning of the year	2,000,000	2,000,000
Add: Debt Conversion during the year	1,700,000	
Balance at the end of the year	<u>3,700,000</u>	<u>2,000,000</u>
Total (a+b+c)	<u><u>151,742</u></u>	<u><u>1,041,527</u></u>

Nature and purpose of reserves:

Debt Conversion to Capital: These amounts represent loans from holding company which have been converted to equity.

Securities premium: The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium

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

13 Borrowings

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Short-term borrowings		
From related party (Secured)	334,513	1,354,513
	<u><u>334,513</u></u>	<u><u>1,354,513</u></u>

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Designit Spain Digital S.L**Notes to the Special Purpose financial statements for the year ended 31 March 2022**

(Amount in EUR, unless otherwise stated)

14 Trade payables

	As at	As at
	31 March 2022	31 March 2021
Vendor payables	97,640	62,106
Intercompany payables	296,512	62,962
Total	394,152	125,068

15 Other financial liabilities

	As at	As at
	31 March 2022	31 March 2021
Current		
Employee related liabilities	101,833	5,696
Total	101,833	5,696

16 Provisions

	As at	As at
	31 March 2022	31 March 2021
Current provisions		
Provision for employee benefits		
Compensated absences	27,781	-
	27,781	-

17 Other liabilities

	As at	As at
	31 March 2022	31 March 2021
Advances collected from customers	-	57,600
Statutory dues & Others	403,138	242,494
Total	403,138	300,094

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Designit Spain Digital S.L**Notes to the Special Purpose financial statements for the year ended 31 March 2022**

(Amount in EUR, unless otherwise stated)

18 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services	3,809,624	3,343,577
	3,809,624	3,343,577
Revenue by type of contract		
Fixed price and volume based	3,809,624	3,343,577
	3,809,624	3,343,577

19 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Rental Income	-	44,000
Gain on sale of ROU assets	-	10,989
Provision Written Back	814	-
Profit on Sale of Assets	13,104	-
Other exchange differences, net	-	7,157
	13,918	62,146

20 Employee benefits expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and bonus	2,845,197	2,564,995
Compensated absences	27,781	-
Staff welfare Expenses	91,058	76,130
	2,964,036	2,641,125

21 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense	28,445	95,758
Interest on finance lease	9,513	15,579
	37,958	111,337

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22 Depreciation

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on tangible assets	60,106	66,178
Depreciation on right to use assets	168,513	192,534
	228,619	258,712

Designit Spain Digital S.L

Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

23 Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Sub-contracting / technical fees / third party application	1,159,482	765,637
Travel	31,284	16,645
Facility expenses	22,494	27,546
Communication	73,453	66,020
Legal and professional charges	77,058	65,972
Marketing and brand building	16,608	9,973
Exchange rate fluctuation	1,100	-
Loss on sale of fixed assets	-	30,113
Provision for Diminution in Value of Investment	-	93,900
Provision for Bad Debts	-	814
Others	1,701,907	-
	3,083,386	1,076,620

24 Earnings per share (EPS)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit/(loss) for the year	(2,589,785)	(1,100,113)
Weighted average number of shares	3,051	3,051
Earnings per share		
Basic and diluted	(848.83)	(360.57)
Nominal value - per equity share	1	1

25 Income tax

Income tax expense has been allocated as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Income tax expense		
Domestic		
Current taxes	-	19
Deferred taxes	99,328	418,023
Total income taxes	99,328	418,042
	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	(2,490,457)	(682,071)
Enacted income tax rate	-	-
Computed expected tax expense	-	19
Effect of:		
Tax effect on expenses disallowed for tax computation		
Changes in unrecognised deferred tax asset	99,328	418,023
Total income taxes expenses	99,328	418,042

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Designit Spain Digital S.L

Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

26 A. Names of related parties and nature of relationship

Nature of relationship	Name of the related party	Country of incorporation
Ultimate Holding Company	Wipro Limited	India
Holding Company	Designit A/S	Denmark
Fellow Subsidiaries	Designit Sweden AB	Sweden
	Designit Tokyo Co., Ltd.	Japan
	Designit North America Inc.	USA
	Designit Denmark A/S	Denmark
	Designit A/S (Australia & New Zealand)	Australia
	Designit Germany GmbH	Germany
	Designit TLV Ltd	Israel
	Designit A/S (Dubai AS)	Dubai
	Designit Perú S.A.C.	Peru
	Designit Oslo AS	Norway
	The Capital Markets Company S.A.S	France
	Wipro 4C Danmark ApS	Denmark

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

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

Particulars	Relationship*	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services			
Designit Tokyo Co., Ltd.	Fellow Subsidiary	(11,284)	(358,832)
Wipro Limited (India)	Fellow Subsidiary	(358,832)	(137,094)
Designit Denmark A/S Branch in London	Fellow Subsidiary	(402,105)	(67,973)
Designit Oslo AS	Fellow Subsidiary	(9,594)	(30,857)
Designit Germany GmbH	Fellow Subsidiary	(234,607)	(33,525)
Designit A/S	Holding Company	(2,746)	(27,906)
Designit North America Inc.	Fellow Subsidiary	(8,846)	(29,581)
The Capital Markets Company S.A.S	Fellow Subsidiary	(634,305)	-
Wipro Limited (UK)	Fellow Subsidiary	(9,452)	-
Wipro 4C Danmark ApS	Fellow Subsidiary	(8,100)	-
Subcontracting & Technical Fees			
Designit North America Inc.	Fellow Subsidiary	103,857	-
Designit Colombia S.A.S.	Fellow Subsidiary	-	95,352
Designit A/S	Holding Company	511,106	256,534
Designit TLV Ltd	Fellow Subsidiary	4,872	-
Designit Oslo AS	Fellow Subsidiary	1,680	-
Designit Denmark A/S	Holding Company	4,670	-
Interest expense			
Designit A/S	Holding Company	22,964	89,906

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Designit Spain Digital S.L**Notes to the Special Purpose financial statements for the year ended 31 March 2022**

(Amount in EUR, unless otherwise stated)

C. Closing balance of related parties

Name of the Company	Nature	As on 31 March 2022	As on 31 March 2021
Payables:			
Designit A/S	Holding Company	158,233	-
Designit North America Inc.	Fellow Subsidiary	11,741	-
Wipro Limited (India)	Ultimate Holding Company	126,538	74,107
Receivables:			
Designit Denmark A/S	Fellow Subsidiary	-	3,568
Designit A/S	Holding Company	-	20,157
Designit Tokyo Co., Ltd.	Fellow Subsidiary	-	55,273
Designit North America Inc.	Fellow Subsidiary	-	9,567
Designit Denmark A/S Branch in London	Fellow Subsidiary	45,554	38,859
Designit Germany GmbH	Fellow Subsidiary	24,510	16,906
Designit Sweden AB	Fellow Subsidiary	-	950
Designit Oslo AS	Fellow Subsidiary	860	-
Wipro Limited (India)	Ultimate Holding Company	-	11,145
Borrowing payable			
Designit A/S	Holding Company	334,513	1,354,513
Borrowing Receivable			
Designit Perú S.A.C.	Fellow Subsidiary	-	22,555

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Designit Spain Digital S.L
Notes to the Special Purpose financial statements for the year ended 31 March 2022
(Amount in EUR, unless otherwise stated)

27 IND AS 116 leases related disclosures

i) Total lease liabilities are analysed as follows:

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Denominated in the following currencies:		
EUR	439,760	607,246
Total	439,760	607,246
Analysed as:		
Current	173,548	167,487
Non current	266,212	439,759
	439,760	607,246

ii) Amounts recognised in statement of profit and loss:

The following amounts were recognised as expense in the year:

	<u>Year ended</u> <u>31 March 2022</u>	<u>Year ended</u> <u>31 March 2021</u>
Depreciation of right-of-use assets	168,513	192,534
Interest on lease liabilities	9,513	15,579
Total recognised in the statement of profit and loss	178,026	208,113

iii) Exposure to future cash flows:

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

Maturity analysis:	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 March 2021</u>
Less than 1 year	173,548	167,487
Between 1 and 2 years	176,680	173,548
Between 2 and 5 years	89,532	266,211
More than 5 years	-	-
Total	439,760	607,246

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Designit Spain Digital S.L

Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

28 Financial instruments measurement and disclosure

a) Financial instruments by category

Particulars	As at 31 March 2022				As at 31 March 2021			
	FVTOCI	FVTPL	Amortised cost	Total	FVTOCI	FVTPL	Amortised cost	Total
Financial assets:								
Investments	-	-	-	-	-	-	-	-
Trade receivables	-	-	1,010,150	1,010,150	-	-	2,104,910	2,104,910
Cash and cash equivalents	-	-	185,051	185,051	-	-	221,924	221,924
Unbilled revenue	-	-	-	-	-	-	57,600	57,600
Other financial assets	-	-	28,068	28,068	-	-	83,631	83,631
Total	-	-	1,223,269	1,223,269	-	-	2,468,065	2,468,065
Financial liabilities:								
Borrowings	-	-	334,513	334,513	-	-	1,354,513	1,354,513
Lease liabilities	-	-	439,760	439,760	-	-	607,246	607,246
Trade payables	-	-	394,152	394,152	-	-	125,068	125,068
Other financial liabilities	-	-	101,833	101,833	-	-	5,696	5,696
Total	-	-	1,270,258	1,270,258	-	-	2,092,523	2,092,523

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

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

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28 Financial risk management

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.

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28 Financial risk management (continued)

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.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2022	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Beyond 5th year	Total
Non-derivatives					
Borrowings	334,513	-	-	-	334,513
Lease liabilities	173,548	176,680	89,532	-	439,760
Trade payables	394,152	-	-	-	394,152
Other Financial liabilities	101,833	-	-	-	101,833
Total	1,004,046	176,680	89,532	-	1,270,258
31 March 2021					
31 March 2021	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Beyond 5th year	Total
Non-derivatives					
Borrowings	1,354,513	-	-	-	1,354,513
Lease liabilities	167,487	173,548	266,211	-	607,246
Trade payables	125,068	-	-	-	125,068
Other Financial liabilities	5,696	-	-	-	5,696
Total	1,652,764	173,548	266,211	-	2,092,523

C Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/ payables. The Company is exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities.

29 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and current investments.

	As at 31 March 2022	As at 31 March 2021
Non current borrowings	-	-
Short term borrowings	334,513	1,354,513
	334,513	1,354,513
Less: cash and cash equivalents	185,051	221,924
Less: bank balances other than cash and cash equivalents	-	-
Net debts	149,462	1,132,589
Total equity	154,792	1,044,579
Gearing ratio	0.97	1.08

Designit Spain Digital S.L

Notes to the Special Purpose financial statements for the year ended 31 March 2022

(Amount in EUR, unless otherwise stated)

30 Impact of Covid-19

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

31 Events occurring after the reporting date

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

As per our report of even date

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

For and on behalf of the Board
Designit Spain Digital S.L

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Paula Otero
Administrator

Bengaluru
20 June 2022

Madrid
20 June 2022