

Encore Theme Technologies Private Limited
BALANCE SHEET
(INR in thousands, except share and per share data, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	908	4,221
Financial assets			
Other financial assets	5	-	2,237
Deferred tax assets	22	15,943	20,879
Total non-current assets		16,851	27,337
Current assets			
Inventories		-	240,994
Financial assets			
Trade receivables	3	198,463	138,660
Cash and cash equivalents	4	99,358	92,733
Unbilled revenues		57,514	126,371
Other financial assets	5	2,446	2,832
Contract Assets		63,752	26,190
Tax Assets (net)	22	73,774	27,488
Other current assets	6	239,144	64,103
Total current assets		734,451	719,370
TOTAL ASSETS		751,302	746,707
EQUITY			
Equity Share capital	7	2,289	2,289
Other equity		147,694	185,717
Total equity		149,983	188,006
LIABILITIES			
Non-current liabilities			
Long term provisions	8	10,416	10,190
Total non-current liabilities		10,416	10,190
Current liabilities			
Financial liabilities			
Trade payables	9		
(a) Total outstanding dues of micro enterprises and small enterprises		-	232
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		460,795	514,499
Other financial liabilities	10	12,206	5,953
Unearned revenues		52,758	19,016
Contract Liabilities		-	-
Short term provisions	8	58,503	7,417
Other current liabilities	11	6,640	1,394
Total current liabilities		590,902	548,511
TOTAL EQUITY AND LIABILITIES		751,302	746,707

The accompanying notes are an integral part of these financial statements. (Note 1- 28)

As per our report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
Encore Theme Technologies Private Limited

Sd/-
Manish P Bathija
Partner
Membership No: 216706
Bengaluru
May 24, 2023

Sd/-
Krishnan Subramanian
Director
DIN: 03484801
Bengaluru
May 24, 2023

Sd/-
Ashish Chawla
Director
DIN: 09133045
Bengaluru
May 24, 2023

Encore Theme Technologies Private Limited
STATEMENT OF PROFIT AND LOSS ACCOUNT
(INR in thousands, except share and per share data, unless otherwise stated)

	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
REVENUE			
Revenue from operations	12	852,918	794,949
Other income	13	3,082	2,431
Total Income		856,000	797,380
EXPENSES			
Employee benefits expense	14	307,817	277,774
Sub Contracting/Technical Fees	15	511,916	342,757
Finance costs	16	1,848	3,591
Depreciation and amortisation expense	2	3,534	4,006
Other expenses	17	65,955	55,385
Total Expenses		891,070	683,513
Profit/(Loss) before tax		(35,070)	113,867
Tax expense/(income)			
Current tax	22	-	32,435
Earlier Year tax	22	(1,674)	14,320
Deferred tax	22	4,858	(3,633)
Tax expense/(income)		3,184	43,122
Profit/(Loss) for the year		(38,254)	70,745
Other Comprehensive Income (OCI)			
Items that will not be reclassified subsequently to statement of profit/(loss) (Net of tax)			
Defined benefit Contribution actuarial gains/(expenses)	20	308	-
Tax on Defined benefit plan actuarial gains/(losses)		(78)	-
Items that will be reclassified to statement of profit or loss (Net of tax)		230	-
Total comprehensive income/(expense) for the period		230	-
Earnings/(Loss) per equity share (Equity shares of par value INR 10 each)			
Basic	18	(167)	309
Diluted		(167)	309
No of shares			
Basic		228,869	228,869
Diluted		228,869	228,869

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Encore Theme Technologies Private Limited
Statement of Changes in Equity
(INR in thousands, except share and per share data, unless otherwise stated)

A. EQUITY SHARE CAPITAL (INR 10 par Value) (Rs in Lakh)

Balance as of April 1, 2022	Changes for the year	Balance as of March 31, 2023
23	-	23

Balance as of April 1, 2021	Changes for the year	Balance as of March 31, 2022
23	-	23

B. OTHER EQUITY

Particulars	Other Components of Equity				Total other equity
	Foreign Currency Translation reserve	Share Premium	Retained Earnings	Other Comprehensive income	
Balance as at April 01, 2022	(23,837)	42,622	166,932	-	185,717
Total Comprehensive income/(expense) for the year					
Profit/(Loss) for the year		-	(38,254)	-	(38,254)
Inter head transfer*		-	-	-	-
Other comprehensive income for the period			-	230	230
Total Comprehensive income/(expense) for the year	-	-	(38,254)	230	(38,024)
Balance as at March 31, 2023	(23,837)	42,622	128,678	230	147,694

Particulars	Other Components of Equity				Total other equity
	Foreign Currency Translation reserve	Share Premium	Retained Earnings	Other Comprehensive income	
Balance as at April 01, 2021	(23,837)	42,622	96,187	-	114,972
Total Comprehensive income/(expense) for the year					
Profit/(Loss) for the year		-	70,745	-	70,745
Inter head transfer*		-	-	-	-
Other comprehensive income for the period			-	-	-
Total Comprehensive income/(expense) for the year	-	-	70,745	-	70,745
Balance as at March 31, 2022	(23,837)	42,622	166,932	-	185,717

The accompanying notes are an integral part of these financial statements. (Note 1- 28)

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Encore Theme Technologies Private Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flows from operating activities:		
Profit/(Loss) for the year	(38,254)	70,745
Adjustments:		
Effect of exchange differences		
Depreciation and Amortization	3,534	4,006
Income Tax Expenses	3,184	43,122
Interest Income	(56)	(2,183)
Provision/write off of bad debts	(20,301)	43,919
Loss/(Profit) on sale of Fixed Assets	(16)	3
Working capital changes :		
Trade receivables	(39,502)	(96,547)
Other financial assets	2,623	675
Other current assets	(175,041)	(47,727)
Trade Payables	(53,936)	405,933
Unbilled revenue	68,857	(101,285)
Long term provisions	456	(9,895)
Contract Assets	(37,562)	(1,747)
Contract liabilities	-	(1,634)
Unearned revenue	33,742	12,158
Short term provisions	51,087	5,256
Other current liabilities	5,248	(27,014)
Inventories	240,994	(240,994)
Net cash from operating activities	45,057	56,791
Taxes (paid)/refund	(44,535)	(28,545)
Net cash generated/(used in) operations	522	28,247
B. Cash flows from investing activities:		
Addition to Assets	(547)	(1,335)
Interest Income	56	2,183
Sale of assets	341	0
Net cash generated/(used in) investing activities	(150)	848
C. Cash flows from financing activities:		
Proceeds/ (Repayment) from Unsecured Loan	-	-
Other financial liabilities	6,253	5,114
Net cash generated/(used in) financing activities	6,253	5,114
Net (decrease) / increase in cash and cash equivalents during the year	6,625	34,209
Cash and cash equivalents at the beginning of the year	92,733	58,525
Cash and cash equivalents at the end of the year [Refer Note 4]	99,358	92,734

The accompanying notes are an integral part of these financial statements. (Note 1- 28)

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Encore Theme Technologies Private Limited
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY
INFORMATION
(INR in thousands, except share and per share data, unless otherwise stated)

1. A- The Company overview

The company is a private limited company incorporated and domiciled in India on 13th November 2006. (Corporate Identification Number: U72200KA2006PTC161048). The main objects of the company are to license developed software products for commercial purposes and to offer training and consultancy with respect to the foregoing. The Company has its registered office in Bangalore and has a branch in Dubai.

The Company's holding company is Wipro Limited ("Wipro") (w.e.f. December 15, 2020) which is incorporated and domiciled in India. Wipro Limited is holding 100% of shares of the Company.

The Financial Statements were approved for issue by the Directors on May 24, 2023.

B- Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS), as notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been applied consistently to all periods presented in these financial statements.

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 statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

All amounts included in the financial statements are reported in thousands of INR Currency (INR in thousands) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

Amounts below rounding off norm adopted by the Company been disclosed as nil in the financial statement.

(ii) Basis of measurement

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

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- c) The defined benefit asset/ (liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

(iii) Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the company uses expected cost-plus margin approach in estimating the stand-alone selling price. The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue 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) **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than its carrying value. The recoverable amount of the asset or the cash generating units is higher of value in use and fair value less cost of disposal. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- c) **Income taxes:** The major tax jurisdictions for the Company are India. 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.
- d) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

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

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

g) **Measurement of fair value of non-marketable equity investments:** These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the market and income approaches. The market approach includes the use of financial metrics and ratios of comparable companies, such as revenue, earnings, comparable performance multiples, recent financial rounds and the level of marketability of the investments. The selection of comparable companies requires management judgment and is based on a number of factors, including comparable company sizes, growth rates and development stages. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

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

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

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

k) **Other estimates:** The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest. Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction

C- Significant accounting policies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and translation

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

(iii) Financial instruments

a) Non-derivative financial instruments:

Non-derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled receivables, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; 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.
- 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.

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. Investments

Financial instruments measured at amortised cost:

Debt instruments that meet the following criteria are measured at amortised cost (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial instruments measured at fair value through other comprehensive income (FVTOCI):

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to statement of profit and loss.

Financial instruments measured at fair value through profit or loss (FVTPL):

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The gain or loss on disposal is recognized in statement of profit and loss.

Interest income is recognized in statement of profit and loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments designated to be classified as FVTOCI:

The Company carries certain equity instruments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these instruments. Movements in fair value of these investments are recognized in other comprehensive income and the gain or loss is not reclassified to statement of profit and loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the Company's right to receive dividends is established.

Investments in subsidiaries:

Investment in subsidiaries are measured at cost less impairment.

C. 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 receivables and other assets.

D. 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.

b) Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counterparty is primarily a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss as cost.

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

A. Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of profit and loss.

B. Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results from operating activities.

Changes in fair value and gains/(losses), net, on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded in finance expense.

c) Derecognition of financial instruments

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

(iv) Equity

a) Share capital and securities premium reserve

The authorized share capital of the Company as at March 31, 2023 and March 31, 2022 is INR 5,000,000/- divided into 500,000 equity shares of INR 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as securities 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.

(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 amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets is reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Plant and machinery	1 to 7 years
Lease Hold Building	2-6 Years
Furniture, fixtures and equipment	5 to 6 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.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as at each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

(vi) Business combination, Goodwill and Intangible assets

a) Business combination

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

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

Common Control business combinations

The Company accounts for business combinations involving entities or businesses under common control using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately as Common Control Transactions Capital reserve.

b) Goodwill

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

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

c) Intangible assets

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

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

The estimated useful life of amortisable intangibles is reviewed and where appropriate are adjusted, annually.

Goodwill and intangible assets, if any, associated with an operation disposed shall be measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

(vii) 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 assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves -

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

The Company at the commencement of the lease contract recognises a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

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 Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss.

For lease liabilities at inception, 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.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. 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.

For 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.

Lease payments are classified as Cash used in Financing activities.

The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

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

Income from Sub-leasing of low value leased assets are recognized on net basis.

(viii) Inventories

Inventories are valued at lower of cost and net realisable value, including necessary provision for obsolescence. Cost is determined using the weighted average method.

(ix) Impairment

A) Financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments classified as FVTOCI, lease receivables, trade receivables, contract assets and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables, contract assets and lease receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into the account risk profiling of customers and historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

B) Impairment of Investment in subsidiaries

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company

estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment 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.

C) Non - financial assets

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

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

(x) Employee benefits

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 carried out by independent actuary using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss account.

Pension and social contribution

Pension and social contribution plan, a defined contribution scheme, the Company makes monthly contributions based on a specified percentage of each covered employee's salary.

(xi) 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.

(xii) 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.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the services rendered:

A. Time and materials contracts

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

B. Fixed-price contracts

i) Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, 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 is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs 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 as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Unbilled revenues on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time

ii) Maintenance contracts

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, 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.

iii) Volume based contracts

Revenues and costs are recognized as the related services are rendered.

C. Products

Revenue on product sales are recognized when the customer obtains control of the specified asset.

D. Others

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and amortized over the contract term.

The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in

future; and the costs are expected to be recovered. The asset so recognized is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, Company is the principal; if not, the Company is the agent.

(xiii) Finance cost

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

(xiv) Other income

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

(xv) 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 realise 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 that is expected to reverse within the tax holiday period, taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(xvi) 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, except where the results would be anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any splits and bonus shares issues including for change effected prior to the approval of the financial statements by the Board of Directors.

(xvii) 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 or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(xviii) Assets held for sale

Sale of business is classified as held for sale, if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification as held for sale is met when disposal business is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale.

(xix) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate line of business that has been disposed off or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(xx) Non-current assets and disposal groups held for sale

Assets of disposal groups that is available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Noncurrent assets and disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(xxi) Disposal of assets

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

D- Standards (including amendments) issued but not yet effective

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:

Below is a summary of such amendments:

i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Company's financial statements.

iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments.

- iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

E- Standards that became effective during the year

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022 :

- i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company, prior to the application of the amendments, did not have any onerous contracts.

- ii) References to the Conceptual Framework - Amendments to Ind AS 103

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

- iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

- iv) Ind AS 101: First Time Adoption of Indian Accounting Standards- Subsidiary as a first time adopter

The amendment provides that a subsidiary that uses the exemption in paragraph D16(a) of Ind AS 101 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This election is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

- v) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liability
The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

- vi) Taxation in fair value measurements – Amendments to Ind AS 41
The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

Note 2 Property, Plant & Equipment

Particulars	Office Equipment	Plant & machinery	Vehicles	Furniture & fixture	Total
Gross carrying value					
Balance as at April 01, 2021	132	9,004	-	281	9,417
Additions during the year	-	769	32	534	1,335
Demerger	-	-	-	-	-
Disposals during the year	-	-	-	(40)	(40)
Balance as at March 31, 2022	132	9,773	32	775	10,712
Additions during the year	-	289	16	242	547
Disposals during the year	-	(1,435)	-	(176)	(1,611)
Balance as at March 31, 2023	132	8,627	48	841	9,648
Accumulated depreciation					
Balance as at 01 April 2021	130	2,230	-	163	2,523
Charge for the year	2	3,898	3	102	4,006
Demerger	-	-	-	-	-
Disposals/Adjustment	-	-	-	(37)	(37)
Balance as at March 31, 2022	132	6,128	3	228	6,491
Charge for the year	-	3,384	9	141	3,534
Disposals/Adjustment	-	(1,262)	-	(23)	(1,285)
Balance as at March 31, 2023	132	8,250	12	346	8,740
Net carrying value					
Balance as at April 01, 2021	2	6,774	-	118	6,894
Balance as at March 31, 2022	0	3,645	29	547	4,221
Balance as at March 31, 2023	0	377	36	495	908

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Note 3 Trade Receivables		
Unsecured:		
Considered good	187,602	138,660
Considered doubtful	44,268	63,938
	231,869	202,598
With Group Companies - Considered good	10,861	-
Less: Provision for doubtful receivables	(44,268)	(63,938)
	198,463	138,660

The following table represent ageing of Trade receivables as on March 31, 2023:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured - Current							
Undisputed Trade receivables – considered good	59,494	117,621	6,823	28,108	6,967	10,903	229,917
Undisputed Trade Receivables – credit impaired	3,939	-	8,875	-	-	-	12,813
Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
	63,433	117,621	15,698	28,108	6,967	10,903	242,731
Gross Trade receivables							242,731
Less: Allowance for lifetime expected credit loss							(44,268)
Net Trade receivables							198,463

The following table represent ageing of Trade receivables as on March 31, 2022:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured - Current							
Undisputed Trade receivables – considered good	76,979	56,254	44,271	11,043	7,817	6,234	202,598
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
	76,979	56,254	44,271	11,043	7,817	6,234	202,598
Gross Trade receivables							202,598
Less: Allowance for lifetime expected credit loss							(63,938)
Net Trade receivables							138,660

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Note 4 Cash and cash equivalents		
Cash and cash equivalents		
Balances with banks	99,358	90,654
Term Deposits*	-	2,079
	99,358	92,733

* Deposit in previous year against Bank Guarantee and Letter of Comfort facilities availed by the Company

Cash and cash equivalents consists of the following for the purpose of the cash flow statement:

Cash and cash equivalents	99,358	92,733
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Note 5 Other Financial Assets

Non-current

Finance lease receivables	-	2,237
	-	2,237

Current

Other advances	-	-
Security Deposits	615	615
Finance Lease Receivables	-	453
Advance to suppliers	1,831	1,764
	2,446	2,832

Finance Lease Receivables

Finance lease receivables consist of assets that are leased to employees for contract terms ranging from 1 to 5 years, with lease payments due in monthly installments. Details of finance lease receivables is given below:

	As at March 31, 2023	
	Minimum lease payments	Present value of minimum lease payments
Not later than one year	-	-
Later than one year but not later than five years	-	-
Gross investment in lease	-	-
Less: Unearned finance income	-	-
Present value of minimum lease payment receivables	-	-
Included in the balance sheet as follows:		
Non-current	-	-
Current	-	-

Note 6 Other Assets

Current

Employee travel & other advances	2,471	-
Prepaid expenses	195,817	64,099
Other Assets	5	5
Prepaid bonus	5,184	-
Statutory and Other Receivables	35,667	-
	239,144	64,103

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

Note 7 Share Capital

(i) The details of share capital are given below:-

	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares [Par value of of INR 10 per share]	500,000	5,000	500,000	5,000
	500,000	5,000	500,000	5,000
Issued, subscribed and fully paid-up capital				
Equity shares [Par value of of INR 10 per share]	228,869	2,289	228,869	2,289
	228,869	2,289	228,869	2,289

(ii) Reconciliation of number of shares outstanding

	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Number of common stock outstanding as at beginning of the year	228,869	2,289	228,869	2,289
Number of common stock issued during the year	-	-	-	-
Number of common stock outstanding as at the end of the year	228,869	2,289	228,869	2,289

(iii) Details of share holding pattern by related parties

Equity Shares

Name of shareholders

	As at	As at
	March 31, 2023	March 31, 2022
Wipro Limited	100.00%	96.68%
Aravind Viswanathan Sundaresan (jointly with Wipro Limited)	0.00%	0.00%
Encore Operating Partners (Mauritius)	0.00%	3.32%
	100.00%	100.00%

iv) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. The Company is a Private limited company with 2 members. Wipro Limited being holding Company with virtue of shareholding 100%. In the event of liquidation of the Company, the sole member will be entitled to receive the remaining assets of the Company after satisfaction of all liabilities, if any.

(v) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of shareholders	No. of Shares	
	As at March 31, 2023	As at March 31, 2022
Wipro Limited	228,868	221,279
Aravind Viswanathan Sundaresan (jointly with Wipro Limited)	1	1
Encore Operating Partners (Mauritius)	-	7,589
	228,869	228,869

W.e.f December 15, 2020, Wipro Limited acquired the shareholding as mentioned above

(vi) Other details of equity shares for a period of five years immediately preceding March 31, 2023

a) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

b) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Note 8 Provisions		
Non Current		
Gratuity	7,292	2,877
Leave Encashment	2,539	7,312
Long Service Award	585	-
	10,416	10,190
Current		
Gratuity	2,833	1,476
Leave Encashment	8,463	5,941
Long Service Award	97	-
Others- Onerous	47,110	-
	58,503	7,417

Note 9 Trade payables

The following table represent ageing of Trade payables as on March 31, 2023:

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Current							
Trade Payables - MSME	-	-	-	-	-	-	-
Trade Payables - Others	290,565	92,618	77,611	0	-	-	460,795
Total	290,565	92,618	77,611	0	-	-	460,795

The following table represent ageing of Trade payables as on March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Current							
Trade Payables - MSME	-	108	124	-	-	-	232
Trade Payables - Others	307,581	93,385	101,528	12,005	-	-	514,499
Total	307,581	93,493	101,652	12,005	-	-	514,731

Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

Note 10 Other Financial Liabilities

Current		
Employee Dues	12,206	5,953
	12,206	5,953

Note 11 Other Current Liabilities

Current		
Statutory and other liabilities	6,438	1243
Others	202	151
	6,640	1,394

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Note 12 Revenue from Operations		
Sale of products	277,417	122,822
Sale of services	575,501	672,127
Revenue from operations (gross)	852,918	794,949

A. Contract Asset and Liabilities

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

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

During the year ended March 31, 2023, the Company recognised revenue of INR 19,016 arising from opening unearned revenue as at April 01, 2022.

During the year ended March 31, 2022, the Company recognised revenue of INR 8,492 arising from opening unearned revenue as at April 01, 2021.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

B. Remaining Performance Obligations

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

As at March 31, 2023, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was INR 3,32,444 of which 74% is expected to be recognised as revenues within 2 years. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

As at March 31, 2022, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was INR 3,66,365 of which 51% is expected to be recognised as revenues within 2 years. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by business segment, customer location 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.

	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue		
Sale of Products	277,417	122,822
Sales of Services	575,501	672,127
	852,918	794,949
Revenue by nature of contract		
Fixed price and volume based	273,685	362,208
Time and materials	301,816	309,919
Products	277,417	122,822
	852,918	794,949

Note 13 Other Income

Profit on Sale of Fixed Assets	16	-
Interest Income	56	2,183
Other Income	38	87
Other exchange differences, net	2,972	161
	3,082	2,431

Note 14 Employee benefits expense

Salaries and wages	284,652	270,694
Contribution to provident and other funds	5,401	6,505
Employee Benefit Plans	16,552	326
Staff welfare expenses	1,212	248
	307,817	277,774

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Note 15 Sub contracting / technical fees		
Sub Contracting/Technical Fees	511,916	342,757
	511,916	342,757
Note 16 Finance costs		
Interest Cost	575	1,027
Bank charges and others	1,273	2,564
	1,848	3,591
Note 17 Other expenses		
Advertisement and sales promotion	-	35
Travel	6,940	10,664
Repairs and Maintenance	145	230
Rent	3,079	1,648
Training expenses	3,614	12,566
Communication	520	404
Legal and professional charges	1,346	2,448
Bad & doubtful debts	(20,301)	23,213
Insurance	572	3,112
Rates and taxes	91	31
Auditors' remuneration	-	593
Audit fees	550	500
for taxation/other matters	-	93
CSR contribution	658	203
Loss on sale of Fixed assets	-	3
Miscellaneous expenses	552	236
HO Cost	20,766	-
Onerous Cost	47,110	-
Interest and Penalty on PF	313	-
	65,955	55,385

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
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Note 18 Earning per share (EPS)

	As at March 31, 2023	As at March 31, 2022
Net profit/ (loss) after tax attributable to the equity shareholders	(38,254)	70,745
Weighted average number of equity shares - for basic and diluted EPS	228,869	228,869
Earnings/(Loss) per share - Basic	(167)	309
Diluted	(167)	309
Nominal value per share (in INR)	10	10

Note 19 Related party disclosure

Names of related parties and description of relationship as identified and certified by the Company:

i) Parties where control exists:

Nature of relationship	Name of the related party
Holding Company	Wipro Limited

ii) Related Parties with whom transactions exist

Nature of relationship	Name of the related party
Fellow Subsidiary	Wipro Arabia Co Ltd
Holding Company	Wipro Limited
Fellow Subsidiary	Wipro Bahrain Limited Co
Fellow Subsidiary	Wipro Gulf LLC
Fellow Subsidiary	Wipro Travel Services Limited
Fellow Subsidiary	Wipro Foundation
Fellow Subsidiary	Wipro Networks Pte Limited
Fellow Subsidiary	Appirio, Inc.
Fellow Subsidiary	Appirio Ltd (Ireland)

iii) Key Management Personnel

Director	Aparna Chandrasekhar Iyer
Director	Krishnan Subramanian
Director	Ashish

iv) The Company has the following related party transactions:

Particulars	Relationship	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of services			
Wipro Limited	Holding	170,303	64,213
Appirio, Inc.	Fellow	-	1,175
Appirio Ltd (Ireland)	Fellow	-	70
Wipro Networks Pte Limited	Fellow	-	7,200
Sale of services			
Wipro Limited	Holding Company	312,382	-
Wipro Arabia Co Ltd	Fellow Subsidiary	1,664	-
Wipro Bahrain Limited Co	Fellow Subsidiary	126	-
Wipro Gulf LLC	Fellow Subsidiary	3,644	-
Miscellaneous Expense			
Wipro Limited	Holding	29,419	1,648
Wipro Foundation	Fellow	658	203
Wipro Travel Services Limited	Fellow	1,498	21

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

v) **Balances [Receivable/(Payable)] with related parties as at year end are summarised below**

Particulars	Relationship	As at March 31, 2023	As at March 31, 2022
Payables			
Wipro Limited	Holding company	(114,553)	(101,254)
Appirio, Inc.	Fellow Subsidiary	-	(1,197)
Appirio Ltd (Ireland)	Fellow Subsidiary	-	(70)
Wipro Travel Services Limited	Fellow Subsidiary	(40)	(489)
Wipro Networks Pte Limited	Fellow Subsidiary	-	(5,297)
Wipro Arabia Co Ltd	Fellow Subsidiary	1907	-
Wipro Bahrain Limited Co	Fellow Subsidiary	307	-
Wipro Gulf LLC	Fellow Subsidiary	3347	-

Note 20 Employee Benefit

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Defined Contribution Plans		
a) Employer's contribution to Provident and other fund	5,401	6,505
(B) Defined Benefit Plans		
Gratuity payable to employees	10,125	4,353
i) Actuarial assumptions		
Discount rate (per annum)	4.82%	5.32%
Rate of increase in Salary	3.51%	3.85%
Expected average remaining working lives of employees (years)	21.67	25.93

Attrition rate:

India :

Withdrawal rates, based on age: (per annum)	As on 31-Mar-2022			As on 31-Mar-2023		
	Band B3 and Below	Band C	Band D and above	Band B3 and Below	Band C	Band D and above
Up to 20 years	29.68%	20.49%	14.67%	20.37%	14.06%	10.36%
21 - 30 years	29.68%	20.49%	14.67%	20.37%	14.06%	10.36%
31 - 35 years	32.44%	20.49%	14.67%	23.18%	14.06%	10.36%
36 - 45 years	23.66%	20.49%	14.67%	16.04%	14.06%	10.36%
Above 45 years	23.66%	12.33%	14.67%	16.04%	8.65%	10.36%

Dubai :

Withdrawal rates, based on age: (per annum)	As on 31-Mar-2022			As on 31-Mar-2023		
	Band B3 and Below	Band C	Band D and above	Band B3 and Below	Band C	Band D and above
Upto 20 years	47.56%	38.59%	30.76%	39.07%	36.00%	27.97%
21 to 30 years	47.56%	38.59%	30.76%	39.07%	36.00%	27.97%
31 to 35 years	45.78%	38.59%	30.76%	39.03%	36.00%	27.97%
36 to 45 years	35.94%	38.59%	30.76%	31.92%	36.00%	27.97%
46 to 50 years	35.94%	34.16%	30.76%	31.92%	33.19%	27.97%
51 to 55 years	35.94%	34.16%	30.76%	31.92%	33.19%	27.97%
Above 56 years	35.94%	34.16%	30.76%	31.92%	33.19%	27.97%

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors. Attrition rate considered is the management's estimate, based on previous years' employee turnover of the Company.

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
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ii) Changes in the present value of defined benefit obligation	As at March 31, 2023	As at March 31, 2022
Present value of obligation at the beginning of the year	4,353	16,715
Interest cost	193	-
Past service cost	-	274
Current service cost	5,467	4,079
Curtailments	421	(13,687)
Settlements	-	-
Benefits paid	-	(3,028)
Actuarial (gain)/ loss on obligations	(308)	-
Present value of obligation at the end of the year*	10,125	4,353

*Included in provision for employee benefits (Refer note 8)

iii) Expense recognized in the Statement of Profit and Loss	As at March 31, 2023	As at March 31, 2022
Current service cost	5,467	4,079
Past service cost	-	-
Interest cost	193	274
Expected return on plan assets	-	-
Actuarial (gain) / loss on obligations	(308)	-
Settlements	-	-
Curtailments	421	(13,687)
Total expenses recognized in the Statement Profit and Loss*	5,773	(9,334)

*Included in Employee benefits expense (Refer Note 14).

iv) Assets and liabilities recognized in the Balance Sheet:	As at March 31, 2023	As at March 31, 2022
Present value of unfunded obligation as at the end of the year	10,125	4,353
Unrecognized actuarial (gains)/losses	-	-
Unfunded net asset / (liability) recognized in Balance Sheet*	10,125	4,353

*Included in provision for employee benefits (Refer note 8)

v) Expected contribution to the fund in the next year	As at March 31, 2023	As at March 31, 2022
Gratuity	-	-

vi) A quantitative sensitivity analysis for significant assumption is as shown below:	As at March 31, 2023	As at March 31, 2022
Impact on defined benefit obligation		
Discount rate		
1% increase	9,697	4,600
1% decrease	10,487	4,962
Rate of increase in salary		
1% increase	10,484	4,953
1% decrease	9,697	4,601
Attrition Rate		
% increase*	9,645	4,307
% decrease*	10,614	5,490

* Considered 50% increase/ decrease for India and 20% for Dubai

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

vii) Maturity profile of defined benefit obligation

Year	As at March 31, 2023	As at March 31, 2022
1st year	2,833	1,476
2 to 5 years	5,713	2,436
6 to 10 years	2,732	1,384
More than 10 years	1,884	520

Note 21 Financial Risk Management

Market Risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency receivables, payables and loans and borrowings.

Interest Rate Risk

The Companies do not have any borrowings so no exposure to interest rate risk

Credit Risk

Credit Risk arises from the possibility that customers may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses the financial reliability of customers taking into account the financial condition, current economic trend, analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly, there is no significant concentration of credit risk.

Liquidity Risk

Liquidity Risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price the companies corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition processes and policies related to such risks are overseen by senior management, management monitors the companies net liability position through rolling forecast on the basis of expected cash flows. As on 31st March, 2023 and 2022, cash & cash equivalents are held with major banks and financial institutions.

The fair value of cash and cash equivalents, trade receivables, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term (less than 1 year) nature of these instruments.

The table below summarizes the maturity profile of the Company's financial liabilities:

31 March 2023	Upto 12 months	More than 12 months
Trade payables	460,795	-
Other financial liabilities	12,206	-
31 March 2022	Upto 12 months	More than 12 months
Trade payables	514,731	-
Other financial liabilities	5,953	-

Note 22 Effective Tax Rate (ETR) Reconciliation

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) Before Taxtion	(35,070)	113,867
Enacted Income Tax Rate	25%	25%
Computed Expected Tax Expenses/(income)	-	28,658
Effect of		
Expenses Disallowed for Tax Purpose	-	3,777
Income tax expense/(income)	-	32,435
Earlier year tax expense/(income)	(1,674)	14,320
Deferred Tax	4,858	(3,633)
Total Tax Expense	3,184	43,122

The components of deferred tax assets and liabilities are as follows

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets (DTA)		
Accrued expenses	15,376	20,705
Property, plant and equipment	567	173
Total	15,943	20,878
Deferred tax liabilities (DTL)		
Property, plant and equipment	-	-
Total	-	-
Net Deferred Tax Assets	15,943	20,878

Note: Tax assets is net of provision of INR 105,549 as on 31st March 23 (31st March 2022 - INR 107,223)

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
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Note 23 Commitments and contingencies

Capital commitments-As at March 31, 2023, the Company had committed to spend approximately INR Nil under agreements to purchase/construct property and equipment. These amounts are net of capital advances paid in respect of these purchases

Contingent liabilities to the extent not provided for:

	As at March 31, 2023	As at March 31, 2022
Guarantees given by the banks on behalf of the Company	10,033	25,080

Note 24 Corporate Social Responsibility

- a. Gross amount required to be spend during the year INR 658 (March 31, 2022: INR 203)
b. Amount spent during the year on:

	For the year ended March 31, 2023		
	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than above (i) above	658	-	658
Total amount spent during the year	658	-	658
	For the year ended March 31, 2022		
	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than above (i) above *	203	-	203
Total amount spent during the year	203	-	203

Note 25 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment. Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

Encore Theme Technologies Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(INR in thousands, except share and per share data, unless otherwise stated)

Note 26 Analyticals Ratios

Ratio	Measur ed In	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance
Current ratio	times	Current assets	Current liabilities	1.2	1.3	-5%
Debt-equity ratio	times	Debt ⁽¹⁾	Total Equity	-	-	0%
Debt service coverage ratio ⁽⁵⁾	times	Earnings Available for Debt Service ⁽²⁾	Debt Service ⁽³⁾	(28.8)	28.3	-202%
Return on Equity ⁽⁶⁾	%	Profit for the period	Average Total Equity	-22.6%	46.3%	-149%
Inventory turnover ratio	times	Sales of Products	Average inventory	2.3	1.0	0%
Trade receivable turnover ratio ⁽⁷⁾	times	Revenue from operations	Average Trade receivables	3.2	4.0	-21%
Trade payables turnover ratio ⁽¹⁾	times	Purchase of technical services, software licenses and other expenses	Average Trade payables	1.2	1.2	2%
Net capital turnover ratio ⁽⁸⁾	times	Revenue from operations	Average Working capital	5.4	5.6	-3%
Net profit ratio ⁽⁹⁾	%	Profit for the period	Revenue from operations	-4.5%	8.9%	-150%
Return on capital employed ⁽¹⁰⁾	%	Earnings before Interest and Tax	Capital Employed ⁽⁴⁾	-22.2%	62.5%	-135%
Return on investment	%	Income generated from investments	Time weighted average investments			0.0%

⁽¹⁾ Debt consists of borrowings and lease liabilities

⁽²⁾ Profit for the period, adjusted for non cash operating expenses, finance cost and other expenses like provision for diminution in value of investments in subsidiaries, gain on sale of fixed assets

⁽³⁾ Repayment of borrowings, lease liabilities and Interest and finance costs paid

⁽⁴⁾ Tangible net worth, borrowings, lease liabilities and deferred tax liabilities

⁽⁵⁾ Decrease on account of reported loss in current FY compared to profit in Previous FY

⁽⁶⁾ Decrease on account of reported loss in current FY compared to profit in Previous FY

⁽⁷⁾ Increase in trade receivable balance on account of lower customer collection

⁽⁸⁾ Improvement in the net capital turnover ratio is due to increase in provision at year end

⁽⁹⁾ Improvement in the net capital turnover ratio is due to increase in provision at year end

⁽¹⁰⁾ Decrease on account of reported loss in current FY compared to profit in Previous FY

Note 27 The Code on Social Security 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 28 Prior period comparatives

Previous year's figures have been reclassified to confirm to this year's classification

The accompanying notes are an integral part of these financial statements. (Note 1- 28)

As per our report of even date
For M S K A & Associates
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
Encore Theme Technologies Private Limited

Sd/-
Manish P Bathija
Partner
Membership No: 216706

Bengaluru
May 24, 2023

Sd/-
Krishnan Subramanian
Director
DIN: 03484801

Bengaluru
May 24, 2023

Sd/-
Ashish Chawla
Director
DIN: 09133045

Bengaluru
May 24, 2023