

Financial Statements and Independent Auditor's Report

Capco Consulting Services LLC

31st March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE CAPCO CONSULTING SERVICES LLC

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of **The Capco Consulting Services LLC** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements"). The special purpose financial statements are prepared for inclusion in the annual report of the Holding Company Wipro Limited under the requirements of section 129 (3) of the Companies Act 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 2.1 of the special purpose financial statements, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 2.1 of the special purpose financial statement.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a

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true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

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

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

Basis of Accounting

We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on Use and distribution

The report is issued to the Board of Directors of the Company solely for the above purpose and should not be distributed to or used by any other parties.

For Deloitte Haskins and Sells LLP

Chartered Accountants

(Firm Registration number. No. 117366W/W-100018)

Sd/-

Amit Ved

Partner

Membership Number: 120600

Place: Bengaluru

Date: June 20, 2022

UDIN: 22120600ALHAHD7216

Capco Consulting Services LLC
Balance Sheet as at 31st March 2022
(Amount in USD except share and per share data, unless otherwise specified)

	Note	As at 31st March 2022
ASSETS		
Non-current assets		
Property, plant and equipment	5	237,258
Right of use Assets	6	1,338,224
Other financial assets	7	31,373
		1,606,855
Current assets		
Financial assets		
Trade receivables	9	5,868,798
Unbilled Receivables		5,539,508
Other financial assets	7	22,086,297
Other current assets	8	24,848
		33,519,452
Total Assets		35,126,307
EQUITY AND LIABILITIES		
Equity		
Equity share capital		1,000
Other equity		13,403,022
		13,404,022
Liabilities		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	10	533,025
Lease liabilities	20	1,332,523
Deferred tax-liability	18	314,601
		2,180,149
Current liabilities		
Financial liabilities		
Trade payables	11	-
i)total outstanding dues of micro enterprises and small enterprises		-
ii)total outstanding dues of creditors other than micro enterprise and small enterprise		626,269
Other financial liabilities	10	14,719,852
Lease liabilities	20	243,484
Provisions - leave liabilities		421,570
Other liabilities	11	626,623
Current tax liabilities (net)	18	2,904,338
		19,542,136
Total Liabilities		35,126,307
Summary of significant accounting policies	2	
The accompanying notes are an integral part of these financial statements 1-24		

As per our report of even date
For Deloitte Haskins and Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors of
Capco Consulting Services LLC

Sd/-

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Amit Ved
Partner
Membership No: 120600

Rajan Kohli
Director

Mohit Bansal
Director

Place: Bangalore
Date: 20 June 2022

Place: New Jersey
Date: 20 June 2022

Place: Florida
Date: 20 June 2022

Capco Consulting Services LLC
Statement of Profit and Loss for the period 29th April 2021 to 31st March 2022
(Amount in USD except share and per share data, unless otherwise specified)

	Notes	Period from 29th April to 31st March 2022
REVENUE		
Revenue from operations	12	50,541,976
Other income	13	1,638,717
Total income		52,180,693
EXPENSES		
Employee benefit expenses	14	35,943,466
Depreciation and amortisation expense	5	310,808
Finance costs	15	307,380
Other expenses	16	5,996,254
Total expenses		42,557,908
Profit or (Loss) before tax		9,622,785
Current tax	18	2,502,636
Deferred tax	18	314,601
Tax expense		2,817,237
Profit or (Loss) for the year		6,805,548
Total comprehensive income / (loss) for the year		6,805,548

See accompanying notes to financial statements

1-24

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

As per our report of even date
For Deloitte Haskins and Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

**For and on behalf of the Board of Directors of
Capco Consulting Services LLC**

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Director

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Date: 20 June 2022

Place: New Jersey
Date: 20 June 2022

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Capco Consulting Services LLC
Statement of changes in equity for the period 29th April 2021 to 31st March 2022
(Amount in USD except share and per share data, unless otherwise specified)

(A) Equity share capital	As at	
	31st March 2022	
	No. of shares	Amount
Opening	-	1,000
Add: issue during the year	-	-
Closing	-	1,000

As per the local laws of USA, there is no requirement of number of shares and face value thereof for a Limited Liability Company (LLC). Hence the investment by the Company is considered as equity contribution

(B) Other equity

	Retained earnings	Total
Balance as at 29th April 2021	19,597,475	19,597,475
Profit for the year	6,805,548	6,805,548
Dividend Paid	(13,000,000)	(13,000,000)
Other comprehensive income	-	-
Total other comprehensive income for the year	13,403,022	13,403,022
Balance as at 31 March 2022	13,403,022	13,403,022

See accompanying notes to the financial statements 1-24

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

As per our report of even date
For Deloitte Haskins and Sells LLP
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**For and on behalf of the Board of Directors of
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Date: 20 June 2022

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Capco Consulting Services LLC
Statement of cash flows for the period 29th April 2021 to 31st March 2022
(Amount in USD except share and per share data, unless otherwise specified)

Period from 29th April to
31st March 2022

A. Cash flow from operating activities	
Profit / (Loss) for the year	9,622,785
Adjustments	
Depreciation and amortization	310,808
Interest income	(1,634,303)
Interest expense	257,490
Operating profit / (loss) before working capital changes	8,552,366
Adjustments for working capital changes:	
Trade receivables, unbilled receivables and contract assets	(3,510,993)
Inter Co transactions with Fellow subsidiaries	16,508,901
Loans and advances and other assets	(154,540)
Trade and other payables	(9,562,593)
Net cash generated by operations	11,833,140
Direct taxes (paid) / refund	-
Net cash generated by operating activities	11,833,140
Cash flows from investing activities:	
Acquisition of plant and equipment (including advances)	(39,901)
Interest Income	1,634,303
Net cash generated by investing activities	1,594,402
Cash flows from financing activities:	
Repayment of Finance lease obligation	(217,814)
Dividend Paid	(13,000,000)
Interest expense	(257,490)
Net cash (used in) financing activities	(13,475,304)
Net (decrease) in cash and Cash equivalents during the year	(47,761)
Cash and cash equivalents at the beginning of the year	43,348
Effect of exchange rate changes on Cash	4,414
Cash and cash equivalents at the end of the year	0

See accompanying notes to the financial statements 1-24

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

As per our report of even date
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For and on behalf of the Board of Directors of
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Place: Bangalore
Date: 20 June 2022

Place: New Jersey
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Place: Florida
Date: 20 June 2022

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

1 General Information

Capco Consulting Services LLC is a subsidiary of Cardinal US Holdings Inc, incorporated and domiciled in United States of America. The Company is provider of IT Services, including Business Process Services (BPS) services, globally and IT Products. The functional currency of the Company is USD. The Company's ultimate holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India.

Cardinal US Holdings Inc, has been acquired by Wipro IT Services LLC, with effect from April 29, 2021 and considering that this special purpose financial statements are prepared for inclusion in the annual report of the ultimate Holding Company Wipro Limited under the requirements of section 129 (3) of the Companies Act 2013, the financial statement are prepared for the period post acquisition i.e. for April 29, 2021 to March 31, 2022

2 Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

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

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter.

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

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

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

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

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The functional currency of the company is US Dollar and the financial statement is also presented in US Dollar.

(ii) Basis of Measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis.

(iii) Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Accounting estimates are monetary amounts in the standalone financial statements that are subject to measurement uncertainty. An accounting policy may require items in standalone financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, management develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available and reliable information. Actual results may differ from those accounting estimates.

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

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

a) **Revenue recognition**

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

- b) **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

3 **Material accounting policy information**

(i) **Functional and presentation currency**

The functional currency of the Company is United States Dollar. These financial statements are presented in United States Dollar.

(ii) **Foreign currency transactions and translations**

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction. Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The exchange difference between the rate at which foreign currency transactions are accounted and the rate at which they are re-measured/ realized is recognized in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(iii) **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, and eligible current and non-current assets; Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset.

- financial liabilities, which include long and short-term loans and borrowings, trade payables, lease liabilities, and eligible current and non-current liabilities.

Non- derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

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.

B Investments

Investment in equity instruments of subsidiaries are measured at cost less impairment. Investment in redeemable preference shares of subsidiaries are measured at FVTPL. These investments are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in statement of profit and loss. The gain or loss on disposal is recognised in statement of profit and loss.

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 recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled receivables, finance lease receivables, employee and other advances and other eligible current and non-current assets.

D Trade payables and other liabilities

Trade payables other liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short-term maturity of these instruments. Contingent consideration recognised in a business combination is subsequently measured at fair value through profit or loss.

E Share Capital and Reserves

The authorised share capital of the Company as at March 31, 2022 is US\$ 1000

Every holder of the equity shares, as reflected in the records of the Company as at 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.

F Retained earnings

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

G Property, plant and equipment

a) Recognition and measurement

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

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. 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 Equipment	5 - 21 years
Computer equipment and software	2 - 7 years
Furniture, fixtures and equipments	3 - 10 years
Vehicles	4 - 5 years

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

H Leases

The Company as a lessee

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

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

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

The Company at the commencement of the lease contract 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 leases) and low-value assets. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

- H** The cost of the RoU assets 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 RoU assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The RoU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of RoU assets. The estimated useful lives of RoU assets are determined on the same basis as those of property, plant and equipment.

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

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

I Employee Benefits:

The Company participates in various employee benefit plans. Pensions and other post-employment benefits are classified as defined contribution plans. Under a defined contribution plan, the Company’s sole obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks are borne by the employee. The expenditure for defined contribution plans is recognised as an expense during the period when the employee provides service

J Compensated absences

The employees of the Company are entitled to compensated absences. 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 recognises accumulated compensated absences based on the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

K Share-based payment transactions

Selected employees of the Company receive remuneration in the form of equity settled instruments or cash settled instruments, for rendering services over a defined vesting period and for Company's performance-based stock options over the defined period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. In cases, where equity instruments are granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value. The expense is recognised in the statement of profit and loss with a corresponding increase to the share options outstanding account, a component of equity.

The equity instruments or cash settled instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Company's estimate of equity instruments or cash settled instruments that will eventually vest.

Cash Settled instruments granted are re-measured by reference to the fair value at the end of each reporting period and at the time of vesting. The expense is recognised in the statement of profit and loss with a corresponding increase to the financial liability.

L Provisions:

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

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

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

M 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.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognise 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) recognise revenues when a performance obligation is satisfied. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved

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

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

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

A. Time and materials contracts

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

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

B. Fixed-price contracts

i) Fixed-price development contracts

Revenues from fixed-price development contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognised using the “percentage-of-completion” method. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses. 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 recognised 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 recognised 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 receivables on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional and only the passage of time is required before the payment is due.

ii) Maintenance contracts

Revenues related to fixed-price maintenance contracts are recognised on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using percentage of completion method when the pattern of benefits from the services rendered to the customers and the cost to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue for contracts in which the invoicing is representative of the value being delivered is recognised based on our right to invoice. If our invoicing is not consistent with value delivered, revenues are recognised as the service is performed using the percentage of completion method.

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

iii) Element or Volume based contracts

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

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, pricing incentives to customers and penalties 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 and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved

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 recognised. The accruals are based on the Company’s historical experience of material usage and service delivery costs.

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

N Finance costs

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

O Finance and other income

Finance and other income comprises interest income on deposits, dividend income, gains/(losses) on disposal of investments and net gain on translation or settlement of foreign currency borrowings. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

P Income tax

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

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 amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

Deferred income tax

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

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

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

New amendments not yet adopted

Companies (Indian Accounting Standards) Amendment Rules, 2022

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

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

The amendments specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (for example, direct labour and materials); or an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others).

The adoption of amendments to IAS 37 is not expected to have any material impact on the standalone financial statements.

Capco Consulting Services LLC
Summary of significant accounting policies and other explanatory information
(Amount in USD, except share and per share data, unless otherwise specified)

5 Property, plant and equipment

	Furniture and fixtures	Computers	Office equipments	Total
Gross block (at cost)				
Balance as at 28th April 2021	590,858	827,931	122,976	1,541,766
Additions	12,000	87,323	-	99,322
Disposals/adjustment*	(193,366)	-	-	(193,366)
Balance as at 31 March 2022	409,492	915,254	122,976	1,447,722
Accumulated depreciation				
Balance as at 28th April 2021	(350,908)	(804,627)	(95,855)	(1,251,390)
Depreciation charge	(60,308)	(27,115)	(5,596)	(93,019)
Disposals/adjustment*	133,945	-	-	133,945
Balance as at 31 March 2022	(277,271)	(831,742)	(101,451)	(1,210,464)
Net block				
Balance as at 31 March 2022	132,221	83,512	21,525	237,258

* Includes regrouping/reclassification within the block of assets.

Capco Consulting Services LLC
Summary of significant accounting policies and other explanatory information
(Amount in USD, except share and per share data, unless otherwise specified)

6 Right of use assets

Particulars	Buildings/ Lease Hold	Total
Gross block		
Balance as at 28th April 2021	1,556,013	1,556,013
Additions during the year	-	-
Disposals during the year	-	-
Balance as at 31 March 2022	<u>1,556,013</u>	<u>1,556,013</u>
Accumulated depreciation		
Balance as at 28th April 2021	-	-
Depreciation Charge for the year	(217,789)	(217,789)
Disposals/Adjustment	-	-
Balance as at 31 March 2022	<u>(217,789)</u>	<u>(217,789)</u>
Net block		
Balance as at 31 March 2022	<u>1,338,224</u>	<u>1,338,224</u>

Capco Consulting Services LLC
Summary of significant accounting policies and other explanatory information
(Amount in USD, except share and per share data, unless otherwise specified)

	<u>As at</u> <u>31st March 2022</u>
7 Other financial assets	
Non-current	
Security deposits	31,373
	<u>31,373</u>
Current	
Employee advances	26,822
Balance with Group Companies	22,059,475
	<u>22,086,297</u>
8 Other assets	
Current	
Prepaid expenses	24,848
	<u>24,848</u>
9 Trade Receivables	
Unsecured	
Considered good *	5,868,798
Considered doubtful	-
Less-Allowance for bad and doubtful debts	-
	<u>5,868,798</u>
10 Other financial liabilities	
Non-current	
Salary payable	533,025
	<u>533,025</u>
Current	
Salary payable	4,867,890
Payable to group companies*	9,851,962
	<u>14,719,852</u>
* includes payable to related parties (refer note 20)	
11 Other liabilities	
Current	
Statutory liabilities	626,623
	<u>626,623</u>

Capco Consulting Services LLC
Summary of significant accounting policies and other explanatory information
(Amount in USD, except share and per share data, unless otherwise specified)

	<u>Period from 29th April to 31st March 2022</u>
12 Revenue from operations	
Sale of services	50,541,976
Total revenue from operations	<u>50,541,976</u>
13 Other income	
Interest income	1,634,303
Other Income	4,414
	<u>1,638,717</u>
14 Employee benefits expense	
Salaries and wages	35,907,584
Staff welfare expenses	35,882
	<u>35,943,466</u>
15 Finance Cost	
Interest on Inter company balances	257,490
Interest on loans and Advances	45,357
Bank Charges	4,534
	<u>307,380</u>
16 Other expenses	
Sub contracting / technical fees / third party application	4,256,721
Facility expenses	402,961
Travel	489,161
Legal and professional charges	177,739
Communication	94,349
Miscellaneous expenses	502,881
Foreign exchange loss, net	72,443
	<u>5,996,254</u>
17 Earning per share (EPS)	

As per the local laws of USA, there is no requirement of number of shares and face value thereof for a Limited Liability Company (LLC). Hence the investment by the Company is considered as equity contribution

18 Income Tax

“Capco Consulting Services LLC is included in the consolidated tax return of Wipro Limited. The Company calculates the provision for income taxes by using a “separate return” method. Under this method, the Company computes tax provision as if it will file a separate return with the tax authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Wipro Limited.

Currently the Company does not have any difference between the tax provision (or

Income tax expense has been allocated as follows:	<u>As At</u> <u>March 31, 2022</u>
Income tax expense	
Current tax	2,502,636
Deferred tax	314,601
Total income taxes	2,817,237

The reconciliation between the provision of income tax and amounts computed by applying

	<u>As At</u> <u>March 31, 2022</u>
Profit/(Loss) before taxes	9,622,785
Enacted income tax rate in USA	28%
Computed expected tax expense	2,694,380
Effect of:	
Expenses disallowed for tax purposes	122,857
	<u>2,502,636</u>

The components of deferred tax assets and liabilities are as follows

	<u>As At</u> <u>March 31, 2022</u>
Deferred tax Liabilities	
Accrued expenses	324,138
Unrealised forex	20,284
Goodwill	(675,661)
Others	16,638
Net deferred tax Liabilities	<u>(314,601)</u>

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

19 Employee stock option

Certain employees of the Company are covered under the share based compensation plans of the ultimate holding company. These plans are assessed, managed and administered by the ultimate holding company. The ultimate holding company recharges to the Company such compensation costs which has been disclosed as "Share based compensation charge" in the Statement of Profit and Loss under Note 16 on "Employee benefit expenses".

The stock compensation expense recognised for employee services received during the year ended year ended March 31, 2021 were **US\$ 176,496**. A summary of the general terms of grants under stock option plans and restricted stock unit option plans are as follows:

Employees covered under Stock Option Plans and Restricted Stock Unit ("RSU") Option Plans (collectively "Stock Option Plans") are granted an option to purchase shares of the Company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest in tranches over a period of two to four years from the date of grant. Upon vesting, the employees can acquire one equity share for every option.

The activity in equity-settled stock option plans and restricted stock unit option plan is summarised below:

	Range of exercise price and weighted average exercise price	No of Options
		March 31, 2022
Outstanding at the beginning of the year		-
Granted	US \$ 0.03	158,961
Exercised		-
Forfeited and Expired		-
Outstanding at the end of the year	US \$ 0.03	158,961
Exercisable at the end of the year		-

20 Related party disclosure

Related party disclosure

a) Parties where control exists:

<u>Name</u>	<u>Relationship</u>	<u>Country of Incorporation</u>
Wipro Limited	Ultimate Holding company	India
Cardinal US Holdings Inc	Holding Company	US
ATOM Solutions LLC	Fellow subsidiary	US
The Capital Markets Company Limited (Canada)	Fellow subsidiary	Canada
The Capital Markets Company (UK) Ltd	Fellow subsidiary	UK
The Capital Markets Company LLC	Fellow subsidiary	US
Appirio, Inc.	Fellow subsidiary	US
The Capital Markets Company BVBA	Fellow subsidiary	Belgium
The Capital Markets Company S.a.r.l.	Fellow subsidiary	Switzerland
CAPCO (US) LLC	Fellow subsidiary	US
Capco RISC Consulting LLC	Fellow subsidiary	US
The Capital Markets Company Limited (Hong Kong)	Fellow subsidiary	Hong Kong
Capco Technologies Pvt. Ltd	Fellow subsidiary	India
Capco Consulting Services LLC	Fellow subsidiary	US

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

b) **The Company has the following related party transactions:**

Particulars	Relationship	As at 31st March 2022
<u>Sale of Services</u>		
ATOM Solutions LLC		60,353
The Capital Markets Company Limited (Canada)		178,315
The Capital Markets Company (UK) Ltd		104,025
Wipro LLC		122,230
Others		5,486
<u>Cost of Services</u>		
The Capital Markets Company Limited (Canada)		187,202
The Capital Markets Company (UK) Ltd		1,914,657
Wipro Digital (a division of Wipro Limited)		21,520
Appirio, Inc.		198,720
<u>Interest Income</u>		
ATOM Solutions LLC		59,774
The Capital Markets Company BVBA		210,361
The Capital Markets Company LLC		1,351,927
Cardinal US Holdings Inc		11,133
Others		1,108
<u>Interest Expenses</u>		
The Capital Markets Company (UK) Ltd		188,622
CAPCO (US) LLC		62,839
Capco RISC Consulting LLC		6,268
Others		(239)

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

i) <u>Balances other than loans :</u>	As at 31st March 2022
<u>Payable balances</u>	
The Capital Markets Company (UK) Ltd	5,433,934
CAPCO (US) LLC	4,074,910
Wipro Ltd	342,964
Others	153
<u>Receivable balances</u>	
The Capital Markets Company LLC	16,094,567
The Capital Markets Company BVBA	4,338,878
ATOM Solutions LLC	1,526,787
Wipro LLC	73,035
The Capital Markets Company S.a.r.l.	15,626
Others	10,581

21 Segment reporting

The Company publishes these standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

Capco Consulting Services LLC
Notes forming part of the Financial Statements for the year ended 31st March 2022
(Amount in USD, except share and per share data, unless otherwise specified)

22 Fair values of financial assets and financial liabilities

Financial assets and liabilities include cash and cash equivalents, trade receivables, unbilled receivables, employee and other advances, eligible current and non-current assets, trade payables, and eligible current liabilities and non-current liabilities.

The fair value of cash and cash equivalents, trade receivables, unbilled revenues, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. Accordingly, the carrying value of such long-term debt approximates fair value. As of March 31, 2022, the carrying value of such receivables, net of allowances approximates the fair value.

23 Financial risk management objectives and policies

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.

Risk management procedure

The Company manages market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. The corporate treasury department recommends risk management objectives and policies, which are approved by senior management. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

Foreign currency risk

The Company operates internationally and a major portion of its business is transacted in USD currency. Consequently, the Company is not exposed to material foreign exchange risk.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's short-term investments and short-term borrowing do not expose it to significant interest rate risk.

Credit risk

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

Counterparty Risk

Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and money market contracts and credit risk on cash and time deposits. Exposure to these risks are closely monitored and maintained within predetermined parameters.

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 Company's 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 Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2022, cash and cash equivalents are held with major banks and financial institutions.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date. The amounts include estimated interest payments and exclude the impact of netting agreements, if any.

	<u>Carrying value</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 4 years</u>
Trade payables	626,269	626,269	-	-
Other financial liability	101,622,022	101,622,022	-	-
Obligation under finance lease	1,576,007	243,484	1,332,523	-
	<u>103,824,298</u>	<u>102,491,775</u>	<u>1,332,523</u>	<u>-</u>

24 There are no contingent liabilities as at March 31, 2022.

As per our report of even date
For Deloitte Haskins and Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors of
Capco Consulting Services LLC

Sd/-

Sd/-

Sd/-

Amit Ved
Partner
Membership No: 120600

Rajan Kohli
Director

Mohit Bansal
Director

Place: Bengaluru
Date: 20 June 2022

Place: New Jersey
Date: 20 June 2022

Place: Florida
Date: 20 June 2022