Special Purpose Financial Statements and Independent Auditor's Report

# Wipro Solutions Canada Limited

31 March 2023

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of **Wipro Solutions Canada Limited**

**Report on the Audit of the Special Purpose Financial Statements**

**Opinion**

We have audited the accompanying special purpose financial statements of **Wipro Solutions Canada Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Special Purpose Financial Statements"). As explained in Note 2 to the special purpose financial statements, these include limited information and have been 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, in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the basis of preparation referred to in Note 2 to the Special Purpose Financial Statements, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its changes in equity and cash flows for the year ended on that date.

**Basis for Opinion**

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

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

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

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the company has adequate internal financial controls with reference to the special purpose financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

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

**Basis of Accounting**

We draw attention to Note 2 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 **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S/d

Seethalakshmi M
Partner
Membership No. 208545

Bengaluru
23 May 2023

**Wipro Solutions Canada Limited**
**Balance Sheet as at 31 March 2023**
(Amount in CAD, unless otherwise stated)

| | Notes | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4(a) | 9,022,949 | 6,189,346 |
| Rights of use asset | 4(b) | 298,697 | 262,346 |
| Capital work in progress | | - | 1,002 |
| Financial assets | | | |
| Trade receivables | 6 | - | 55,888,553 |
| Deferred tax assets | 16 | - | 4,384,177 |
| Non-current tax assets (net) | | 3,604,267 | - |
| Contract asset | | 7,033,524 | 7,883,417 |
| Other non-current assets | 5 | 4,512,458 | 1,785 |
| | | **24,471,895** | **74,610,626** |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 6 | 37,890,122 | 27,421,692 |
| Unbilled receivables | | 14,915,820 | 7,150,391 |
| Cash and cash equivalents | 7 | 72,086,423 | 13,856,749 |
| Other current assets | 5 | 5,167,454 | 3,022,815 |
| | | **130,059,819** | **51,451,647** |
| **Total Assets** | | **154,531,714** | **126,062,273** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 8 | 32,000,100 | 32,000,100 |
| Other Equity | 9 | (13,944,326) | (14,958,765) |
| | | **18,055,774** | **17,041,335** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 11 | 173,899 | 80,670 |
| Provisions | 12 | 255,243 | 111,821 |
| Deferred tax liabilities | 16 | 198,177 | - |
| Provision for tax (Net of advance tax) | 14 | - | 1,368,968 |
| | | **627,319** | **1,561,459** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 10 | 88,648,000 | 64,487,526 |
| Lease liabilities | 11 | 140,837 | 190,210 |
| Trade payables | 13 | 37,757,173 | 31,884,588 |
| Other financial liabilities | 14 | 2,961,079 | 2,003,711 |
| Contract liabilities | | 4,611,172 | 7,917,376 |
| Other current liabilities | 15 | 1,303,788 | 733,216 |
| Provisions | 12 | 426,572 | 242,852 |
| | | **135,848,621** | **107,459,479** |
| **Total Equity and Liabilities** | | **154,531,714** | **126,062,273** |
| Summary of significant accounting policies | 1-3 | | |

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

As per our report attached
**For PKF Sridhar & Santhanam LLP**
**Chartered Accountants**
Firm Registration No: 003990S/S200018
**Sd/-**
**Seethalakshmi M**
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

**For and on behalf of the Board of Directors of**
**Wipro Solutions Canada Limited**

**Sd/-**
**Gaurav Anand**
Director
Date: 23 May 2023

**Sd/-**
**Kim Watson**
Director
Date: 23 May 2023

**Wipro Solutions Canada Limited**

**Statement of Profit and Loss for the year ended 31 March 2023**

(Amount in CAD, unless otherwise stated)

| | Notes | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations | 17 | 182,597,415 | 192,996,777 |
| Other income | 18 | 1,039,551 | 3,506,175 |
| | | **183,636,966** | **196,502,952** |
| **EXPENSES** | | | |
| Employee benefits expense | 19 | 15,554,807 | 11,126,524 |
| Finance costs | 20 | 2,974,418 | 981,755 |
| Depreciation | 4 | 4,552,892 | 6,637,782 |
| Other expenses | 22 | 156,129,937 | 115,535,701 |
| | | **179,212,054** | **134,281,762** |
| **Profit before tax** | | **4,424,912** | **62,221,190** |
| **Tax expense** | | | |
| Current tax | 25 | (1,174,723) | 14,117,364 |
| Deferred tax | 25 | 4,583,935 | 404,046 |
| **Total tax expense** | | **3,409,212** | **14,521,410** |
| **Net profit/(loss) for the year** | | **1,015,700** | **47,699,780** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassed to statement of profit or loss (net of tax)** | | | |
| Re-measurement of gains on defined benefit plans | | (2,842) | 21,405 |
| **Total Other Comprehensive Income for the year (net of tax)** | | **(2,842)** | **21,405** |
| **Total comprehensive income for the year** | | **1,012,858** | **47,721,185** |
| **Earnings per equity share** | 23 | | |
| Equity shares of par value CAD 1 | | | |
| Basic and diluted | | 0.03 | 1.20 |
| Summary of significant accounting policies | 1-3 | | |

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

As per our report attached

**For PKF Sridhar & Santhanam LLP**
**Chartered Accountants**
Firm Registration No: 003990S/S200018

Sd/-
**Seethalakshmi M**
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Sd/-
**Gaurav Anand**
Director
Date: 23 May 2023

Sd/-
**Kim Watson**
Director
Date: 23 May 2023

**Wipro Solutions Canada Limited**
**Cash Flow Statement for the year ended 31 March 2023**
(Amount in CAD, unless otherwise stated)

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **4,424,912** | **62,221,189** |
| Adjustments | | | |
| Depreciation | | 4,552,892 | 6,637,782 |
| Re-measurement of gains on defined benefit plans | | (1,261) | 21,405 |
| Finance cost | | 2,974,418 | 981,755 |
| Provision for doubtful debts | | (4,878,586) | 4,779,784 |
| Provision for doubtful Advances | | 4,286 | 3,000 |
| Profit on sale of disposal of property, plant and equipment | | (693,322) | (2,963,416) |
| Interest income | | (258,527) | (33,988) |
| **Operating profit before working capital changes** | | **6,124,812** | **71,647,512** |
| **Adjustments for working capital changes:** | | | |
| Trade receivables | | 50,298,709 | (62,649,802) |
| Unbilled receivables and contract assets | | (6,915,536) | 10,991,356 |
| Other assets | | (6,659,598) | 3,672,761 |
| Trade payables, other liabilities and provisions | | 7,771,523 | 9,572,625 |
| Contract liabilities | | (3,306,204) | 2,136,471 |
| **Cash generated from operations** | | **47,313,705** | **35,370,923** |
| Direct taxes paid | | (3,800,092) | (17,517,993) |
| **Net cash generated from operating activities** | **(A)** | **43,513,613** | **17,852,929** |
| | | | |
| **Cash flows from investing activities:** | | | |
| Acquisition of property, plant and equipment | | (7,579,758) | (836,655) |
| Proceeds from sale of property, plant and equipment | | 850,234 | 5,830,663 |
| Capital work in progress | | 1,002 | (1,002) |
| Interest received | | 258,527 | 33,988 |
| **Net cash (used in) investing activities** | **(B)** | **(6,469,995)** | **5,026,994** |
| | | | |
| **Cash flows from financing activities:** | | | |
| Interest paid on borrowings | | (2,974,418) | (981,755) |
| (Repayment) of borrowings / loans | | - | (40,169,439) |
| Loans from related parties | | 24,160,474 | 26,998,556 |
| **Net cash (used in) financing activities** | **(C)** | **21,186,056** | **(14,152,637)** |
| | | | |
| **Net increase in cash and cash equivalents during the year (A+B+C)** | | **58,229,674** | **8,727,286** |
| Cash and cash equivalents at the beginning of the year | | 13,856,749 | 5,129,463 |
| **Cash and cash equivalents at the end of the year (refer note 7)** | | **72,086,423** | **13,856,749** |
| | | | |
| **Components of cash and cash equivalents (note 7)** | | 72,086,423 | 13,856,749 |
| Balances with banks | | | |
| in current accounts | | 72,086,423 | 13,856,749 |
| | | **72,086,423** | **13,856,749** |

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

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

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**Seethalakshmi M**
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Director
Date: 23 May 2023

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**Kim Watson**
Director
Date: 23 May 2023

**Wipro Solutions Canada Limited**
**Statement of Changes in Equity for the year ended 31 March 2023**
(Amount in CAD, unless otherwise stated)

| Equity share capital | Balance as at 1 April 2021 | Changes in equity share capital during the year | Balance as at 31 March 2022 | Changes in equity share capital during the year | Balance as at 31 March 2023 |
|---|---|---|---|---|---|
| Equity share capital of face value CAD 1 | 32,000,100 | - | 32,000,100 | - | 32,000,100 |
| | **32,000,100** | **-** | **32,000,100** | **-** | **32,000,100** |

**Other equity**

| Particulars | Retained earnings | Other comprehensive income | Total |
|---|---|---|---|
| **Balance as at 1 April 2021** | **(63,250,859)** | **570,910** | **(62,679,949)** |
| Profit for the year | 47,699,779 | - | 47,699,779 |
| Other comprehensive income for the year | - | 21,405 | 21,405 |
| **Balance as at 31 March 2022** | **(15,551,080)** | **592,315** | **(14,958,765)** |
| Profit for the year | 1,015,700 | - | 1,015,700 |
| Other comprehensive income for the year | - | (1,261) | (1,261) |
| **Balance as at 31 March 2023** | **(14,535,380)** | **591,054** | **(13,944,326)** |

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

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

**Sd/-**
**Seethalakshmi M**
Partner
Membership No: 208545
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**For and on behalf of the Board of Directors of**
**Wipro Solutions Canada Limited**

**Sd/-**
**Gaurav Anand**
**Director**
Date: 23 May 2023

**Sd/-**
**Kim Watson**
Director
Date: 23 May 2023

**Wipro Solutions Canada Limited**

**Notes to the Special Purpose financial statements for the year ended 31 March 2023**

(All amounts in CAD except otherwise stated)

**4(a) Property, plant and equipment**

| | Building | Plant and machinery | Furniture and fixture | Vehicle | Office equipment | Total |
|---|---|---|---|---|---|---|
| **As at 1 April 2021** | **3,786,092** | **98,301,352** | **2,079,804** | **149,717** | **1,210,052** | **105,527,017** |
| Additions | - | 836,655 | - | - | - | 836,655 |
| Disposals | (870,656) | (49,347,929) | (2,030,064) | (106,799) | (1,104,868) | (53,460,316) |
| **As at 31 March 2022** | **2,915,436** | **49,790,078** | **49,740** | **42,918** | **105,184** | **52,903,356** |
| Additions | 76,121 | 5,703,600 | 166,633 | - | 1,208,363 | 7,154,718 |
| Disposals | (2,915,437) | (8,428,194) | (49,741) | (42,918) | (105,184) | (11,541,474) |
| **As at 31 March 2023** | **76,121** | **47,065,484** | **166,632** | **-** | **1,208,363** | **48,516,600** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| **As at 1 April 2021** | **3,505,295** | **85,023,302** | **2,080,412** | **148,984** | **1,023,512** | **91,781,505** |
| Depreciation charge | 280,760 | 5,229,273 | 113 | (1) | 15,427 | 5,525,572 |
| Disposals | (870,625) | (46,651,745) | (2,030,797) | (106,066) | (933,834) | (50,593,067) |
| **As at 31 March 2022** | **2,915,430** | **43,600,830** | **49,728** | **42,917** | **105,105** | **46,714,010** |
| Depreciation charge | 17,889 | 4,161,747 | 1,410 | - | 60,318 | 4,241,364 |
| Disposals | (2,915,430) | (8,348,542) | (49,729) | (42,917) | (105,105) | (11,461,722) |
| **As at 31 March 2023** | **17,889** | **39,414,035** | **1,409** | **-** | **60,318** | **39,493,651** |
| | | | | | | |
| **Net block** | | | | | | |
| **As at 31 March 2022** | **6** | **6,189,248** | **12** | **1** | **79** | **6,189,346** |
| **As at 31 March 2023** | **58,232** | **7,651,449** | **165,223** | **-** | **1,148,045** | **9,022,949** |

**4(b) Right of use asset**

| | Buildings | IT Equipment | | | | Total |
|---|---|---|---|---|---|---|
| **As at 1 April 2021** | **2,622,305** | **1,656,560** | **-** | **-** | **-** | **4,278,865** |
| Addition | - | - | - | - | - | - |
| Disposals | 2,622,305 | 1,100,700 | - | - | - | 3,723,005 |
| **As at 31 March 2022** | **-** | **555,860** | **-** | **-** | **-** | **555,860** |
| Addition | 425,040 | - | - | - | - | 425,040 |
| Disposals | - | 555,860 | - | - | - | 555,860 |
| **As at 31 March 2023** | **425,040** | **-** | **-** | **-** | **-** | **425,040** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| **As at 1 April 2021** | **1,970,883** | **933,427** | **-** | **-** | **-** | **2,904,310** |
| Depreciation charge | 651,423 | 460,787 | - | - | - | 1,112,210 |
| Disposals | 2,622,305 | 1,100,700 | - | - | - | 3,723,005 |
| **As at 31 March 2022** | **-** | **293,514** | **-** | **-** | **-** | **293,514** |
| Depreciation charge | 126,343 | 185,185 | - | - | - | 311,528 |
| Disposals | | 478,700 | - | - | - | 478,700 |
| **As at 31 March 2023** | **126,343** | **-** | **-** | **-** | **-** | **126,343** |
| | | | | | | |
| **Net block** | | | | | | |
| **As at 31 March 2022** | **-** | **262,346** | **-** | **-** | **-** | **262,346** |
| **As at 31 March 2023** | **298,697** | **-** | **-** | **-** | **-** | **298,697** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **5 Other assets** | | |
| **Non-current** | | |
| Prepaid expenses | 4,512,458 | 1,785 |
| | **4,512,458** | **1,785** |
| **Current** | | |
| Balances with excise, customs and other authorities | 443,163 | - |
| Prepaid expenses | 4,593,194 | 3,018,959 |
| Employee travel and other advances | 21,907 | 3,856 |
| Other assets | 109,190 | - |
| | **5,167,454** | **3,022,815** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **6 Trade receivables** | | |
| **Unsecured - Non-Current** | | |
| Disputed Trade receivables – considered good | - | 60,444,670 |
| Gross Trade receivables | - | 60,444,670 |
| Less: Allowance for lifetime expected credit loss | - | (4,556,117) |
| Net Trade receivables | **-** | **55,888,553** |
| **Current** | | |
| **Unsecured** | | |
| Undisputed Trade receivables – considered good | 31,229,227 | 27,016,370 |
| Disputed Trade receivables–considered good | 142,115 | 142,115 |
| Gross Trade receivables | 31,371,342 | 27,158,485 |
| Less: Allowance for lifetime expected credit loss | (3,921) | (326,390) |
| Net Trade receivables | 31,367,421 | 26,832,095 |
| With related parties- Considered good | 6,522,701 | 589,597 |
| | **37,890,122** | **27,421,692** |

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

| **Particulars** | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | 4,882,507 | 102,723 |
| Additions during the year, net | 1,951 | 4,854,366 |
| Charged against allowance | 4,880,537 | 74,582 |
| Balance at the end of the year | **3,921** | **4,882,507** |

Refer Note 26 for ageing analysis

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **7 Cash and cash equivalents** | | |
| Balances with banks | | |
| in current accounts | 72,086,423 | 13,856,749 |
| | **72,086,423** | **13,856,749** |

*(This space has been intentionally left blank)*

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| 8 | **Share capital** | | |
| | **Authorised capital** | | |
| | 32,000,100 (2022: 32,000,100) common shares | 32,000,100 | 32,000,100 |
| | | **32,000,100** | **32,000,100** |
| | **Issued, subscribed and paid-up capital** | | |
| | 32,000,100 (2022: 32,000,100) common shares | 32,000,100 | 32,000,100 |
| | | **32,000,100** | **32,000,100** |
| a) | **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:** | | |
| | Number of shares outstanding as at beginning of the year | 32,000,100 | 32,000,100 |
| | Number of shares issued during the year | - | - |
| | **Number of shares outstanding as at the end of the year** | **32,000,100** | **32,000,100** |
| b) | **Details of share holding pattern by related parties** | | |
| | **Name of shareholders** | | |
| | Wipro Information Technology Netherlands BV | | |
| | No of Shares | 32,000,100 | 32,000,100 |
| | % of the holding | 100% | 100% |

c) **Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of CAD 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in Canadian Dollar. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distributing of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

d) There has been no issue of bonus shares or issue of shares for consideration other than cash or share buy back during five years immediately preceding 31 March 2023.

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| 9 | **Other equity** | | |
| | Statement of profit and loss account | | |
| | Balance at the beginning of the year | (62,679,949) | (101,185,719) |
| | Add: Net profit/(loss) for the year | 47,721,184 | 38,505,770 |
| | Balance at the end of the year | **(14,958,765)** | **(62,679,949)** |

Nature and purpose of reserves:

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

10 **Borrowings**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Current** | | |
| Unsecured | | |
| Loan from related parties | 88,648,000 | 64,487,526 |
| | **88,648,000** | **64,487,526** |

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**Wipro Solutions Canada Limited**
**Notes to the Special Purpose financial statements for the year ended 31 March 2023**
(All amounts in CAD except otherwise stated)

**Note 10 Borrowings (cont'd)**

| Sl.No | Particulars | Nature of security | Repayment details | 31 March 2023 | 31 March 2022 |
|---|---|---|---|---|---|
| **Term loans from others** | | | | | |
| 1 | **Loan from Wipro Holdings Hungary** | Unsecured | Repayable on demand | 29,481,999 | 29,447,377 |
| | | Rate of interest per annum | | CORRA + 0.85% | USD LIBOR + 0.85% |
| 2 | **Loan from Wipro Holdings Hungary** | Unsecured | 1 year from the date of disbursement of loan subject to renewal if any. | 5,572,123 | 5,574,591 |
| | | Rate of interest per annum | | CORRA + 0.85% | USD LIBOR + 0.85% |
| 3 | **Loan from CAPCO Canada** | Unsecured | 1 year from the date of disbursement of loan subject to renewal if any. | 53,593,878 | 29,465,558 |
| | | Rate of interest per annum | | CORRA + 0.85% | USD LIBOR + 0.85% |
| | | | **Total** | **88,648,000** | **64,487,526** |

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## 11 IND AS 116 leases related disclosures

### i) Total lease liabilities are analysed as follows:

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Denominated in the following currencies: | | |
| USD | - | - |
| Other currencies (CAD) | 314,736 | 270,881 |
| **Total** | **314,736** | **270,881** |
| **Analysed as:** | | |
| Current | 140,837 | 190,211 |
| Non current | 173,899 | 80,670 |
| | **314,736** | **270,881** |

### ii) Amounts recognised in statement of profit and loss:

The following amounts were recognised as expense in the year:

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Depreciation of right-of-use assets | 311,528 | 1,112,211 |
| Interest on lease liabilities | 26,109 | 31,948 |
| Expense relating to short-term leases and low-value assets | - | - |
| **Total recognised in the statement of profit and loss** | **337,637** | **1,144,159** |

### iii) Exposure to future cash flows:

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

| **Maturity analysis:** | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Less than 1 year | 140,836 | 190,210 |
| Between 1 and 2 years | 148,411 | 80,670 |
| Between 2 and 5 years | 25,488 | - |
| More than 5 years | - | - |
| **Total** | **314,735** | **270,880** |

*(This space has been intentionally left blank)*

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **12** | **Provisions** | | |
| | **Non-current** | | |
| | Employee benefit obligation | | |
| | Compensated absences | 237,898 | 102,591 |
| | Retirement benefit obligation | 17,345 | 9,230 |
| | | **255,243** | **111,821** |
| | **Current** | | |
| | Employee benefit obligation | | |
| | Compensated absences | 408,910 | 225,679 |
| | Retirement benefit obligation | 9,526 | 13,323 |
| | Other provisions | 8,136 | 3,850 |
| | | **426,572** | **242,852** |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **13** | **Trade payables** | | |
| | Trade payable | 15,662,425 | 6,594,426 |
| | Payable to related parties | 22,094,748 | 25,290,162 |
| | | **37,757,173** | **31,884,588** |

Refer Note No 24 for related parties
Refer Note No 27 for ageing analysis

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **14** | **Other financial liabilities** | | |
| | **Non Current** | | |
| | Provision for tax (Net of advance tax) | - | 1,368,968 |
| | | **-** | **1,368,968** |
| | **Current** | | |
| | Salary payable | 796,259 | 423,183 |
| | Balances due to related parties | 2,164,820 | 1,580,528 |
| | | **2,961,079** | **2,003,711** |

Refer Note No 24 for related parties

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **15** | **Other liabilities** | | |
| | **Current** | | |
| | Balances with excise, customs and other authorities | - | 6,988 |
| | Statutory liabilities | 1,080,424 | 693,613 |
| | Other Liabilities | 223,364 | 32,615 |
| | | **1,303,788** | **733,216** |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **16** | **Deferred tax assets/(liabilities)** | | |
| | Deferred tax on : | | |
| | (i) Depreciation | (244,452) | 2,854,357 |
| | (ii) Others | 46,275 | 1,529,820 |
| | | **(198,177)** | **4,384,177** |

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| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 17 | **Revenue from operations** | | |
| | Sale of services | 182,597,415 | 192,996,777 |
| | | **182,597,415** | **192,996,777** |

**Disaggregation of Revenues**

The tables below present disaggregated revenues from contracts with customers by business segment and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors

| Particulars | Year ended 31st March 2023 | Year ended 31st March 2022 |
|---|---|---|
| **Revenue** | | |
| Sale of services | 182,482,691 | 192,719,758 |
| Sale of products | 114,724 | 277,019 |
| | **182,597,415** | **192,996,777** |
| **Revenue by nature of contract** | | |
| Fixed price and volume based | 115,209,073 | 132,454,218 |
| Time and materials | 67,273,618 | 60,265,540 |
| Products | 114,724 | 277,019 |
| | **182,597,415** | **192,996,777** |

**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.

**Contract liabilities**: During the year ended March 31, 2023 the Company recognized revenue of CAD 7,407,806 arising from contract liabilities as at March 31, 2022. During the year ended March 31, 2022 the Company recognized revenue of CAD 5,378,064 arising from contract liabilities as at March 31, 2021.

**Contract assets**: During the year ended March 31, 2023, CAD 6,610,540 of contract assets had been reclassified to receivables on completion of milestones. During the year ended March 31, 2022, CAD 17,671,308 of contract assets have been reclassified to receivables on completion of milestones .
Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

**Remaining Performance Obligations**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognizwhich includes contract liabilities and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customers 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 CAD 128,226,346 of which approximately 64.8% is expected to be recognized as revenues within two years, and the remainder thereafter. This includes contracts, with a substantive enforceable termination penalty if the contract is terminated without cause by the customer, based on an overall assessment of the contract carried out at the time of inception. Historically, customers have not terminated contracts without cause

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 CAD 27,253,406 of which approximately 98.1% is expected to be recognized as revenues within two years, and the remainder thereafter. This includes contracts, with a substantive enforceable termination penalty if the contract is terminated without cause by the customer, based on an overall assessment of the contract carried out at the time of inception. Historically, customers have not terminated contracts without cause

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 18 | **Other income** | | |
| | Interest income | 258,527 | 33,988 |
| | Other exchange differences (net) | 75,499 | 402,416 |
| | Profit on sale of disposal of property, plant and equipment | 693,322 | 2,963,416 |
| | Other | 12,203 | 106,355 |
| | | **1,039,551** | **3,506,175** |

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 19 | **Employee benefits expense** | | |
| | Salaries and wages* | 14,818,525 | 8,436,353 |
| | Compensated absences | 347,828 | (97,956) |
| | Contribution to provident and other funds | 161,042 | 2,570,639 |
| | Staff welfare expenses | 227,412 | 217,488 |
| | | **15,554,807** | **11,126,524** |

*The Company has adopted the restricted stock units plans of the Wipro Technologies Limited, the ultimate Holding Company.
Under the Plan, the employees of the Company may be granted shares and other stock/cash awards, in accordance with the terms and conditions as specified in the plan. The plan is assessed, managed and administered by the ultimate holding company, The Wipro Technologies Limited Company whose shares have been granted to the employees.
The amount of CAD 102,234 is recognised as expenditure for the year ended 31 March 2023

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 20 | **Finance costs** | | |
| | Interest on:- | | |
| | Bank borrowings | - | 281,300 |
| | Finance lease obligation | 26,109 | 31,948 |
| | Loan from fellow subsidiaries (Refer note 24) | 2,948,309 | 668,507 |
| | | **2,974,418** | **981,755** |

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 21 | **Depreciation expense** | | |
| | Depreciation on property plant and equipment | 4,241,364 | 5,525,572 |
| | Depreciation on right of use assets | 311,528 | 1,112,210 |
| | **Total** | **4,552,892** | **6,637,782** |

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 22 | **Other expenses** | | |
| | Sub contracting / technical fees / third party application (Refer note 24) | 142,800,895 | 91,972,719 |
| | Travel | 115,469 | 182,703 |
| | Repairs and maintenance | 174,296 | 175,050 |
| | Software Licence Fees | 5,417,606 | 10,336,959 |
| | Rent | 21,954 | 652,534 |
| | Lifetime expected credit loss / (write-back) | (4,878,586) | 4,779,784 |
| | Communication | 214,092 | 1,087,941 |
| | Provision for Doubtful Advances | 4,286 | 3,000 |
| | Printing and stationery | 50 | 31,262 |
| | Corporate overhead (Refer note 24) | 4,998,407 | 3,277,290 |
| | Legal and professional | 6,182,289 | 2,094,656 |
| | Insurance | 5,200 | 9,608 |
| | Rates and taxes | 25,918 | 36,146 |
| | Commission ( Refer note 24) | 683,585 | 750,084 |
| | Bad debts written off | 27,450 | - |
| | Recruitment Expenses | 282,414 | 63,017 |
| | Miscellaneous expenses | 54,609 | 82,949 |
| | | **156,129,937** | **115,535,701** |

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 23 | **Earning per share (EPS)** | | |
| | Net profit after tax attributable to the equity shareholders | 1,015,700 | 38,500,640 |
| | Weighted average number of equity shares - for basic and diluted EPS | 32,000,100 | 32,000,100 |
| | Earnings per share - Basic and diluted | 0.03 | 1.20 |
| | (32,000,100 equity shares of face value CAD 1 each) | | |

**24 Related party disclosure**

**a) Related parties***

| Name | Relationship | Country of Incorporation |
|---|---|---|
| Wipro Limited | Ultimate Holding Company | India |
| Wipro LLC | Fellow Subsidiary | USA |
| Wipro Travel Services Limited | Fellow Subsidiary | India |
| Appirio, Inc. | Fellow Subsidiary | USA |
| Capco Canada | Fellow Subsidiary | Canada |
| Wipro Portugal S.A. | Fellow Subsidiary | Portugal |
| Wipro do Brasil Technologia Ltda | Fellow Subsidiary | Brazil |
| Wipro VLSI Design Services India Private Limited | Fellow Subsidiary | India |
| Wipro Holdings Hungary | Fellow Subsidiary | Hungary |
| Convergence Acceleration Solutions | Fellow Subsidiary | USA |

* Parties with which transactions have happened during the year

**Key managerial personnel**

**Directors**

Katie Taylor (wef from 5 April 2022)
Mohit Bansal (Resigned wef from 5 April 2022)
Feroze Ahmed (Resigned wef from 1 April 2022)
Kim Watson (wef from 25 January 2022)
Gaurav Anand (wef from 25 January 2022)
Apratim Banerjee (wef from 25 January 2022)

*(This space has been intentionally left blank)*

**24 Related party disclosure (Contd.)**

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

| Particulars | Relationship | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Subcontracting services received** | | | |
| Wipro Limited | Ultimate Holding Company | 115,149,749 | 70,588,894 |
| Appirio, Inc. | Fellow Subsidiary | - | 31,174 |
| Wipro, LLC | Fellow Subsidiary | 441,007 | - |
| Wipro Portugal S.A. | Fellow Subsidiary | 330,062 | - |
| Wipro do Brasil Technologia Ltda | Fellow Subsidiary | 116,215 | - |
| Wipro Technologies GmbH | Fellow Subsidiary | 102,967 | - |
| Wipro Technologies SA DE CV | Fellow Subsidiary | 33,115 | - |
| Wipro VLSI Design Services India Private Limited | Fellow Subsidiary | 41,976 | - |
| Appirio Ltd (Ireland) | Fellow Subsidiary | - | 299 |
| **Subcontracting services rendered** | | | |
| Wipro Limited | Ultimate Holding Company | 12,417,233 | 1,578,517 |
| Wipro LLC | Fellow Subsidiary | 1,579,106 | 43,677 |
| Appirio, Inc. | Fellow Subsidiary | 275,953 | - |
| Convergence Acceleration Solutions | Fellow Subsidiary | 768,177 | - |
| CAPCO Canada | Fellow Subsidiary | 2,895,575 | - |
| **Interest on borrowings** | | | |
| Wipro Holdings Hungary | Fellow Subsidiary | 1,232,600 | 421,968 |
| Wipro Cyprus Private Limited | Fellow Subsidiary | - | 69,042 |
| Wipro IT services Inc | Fellow Subsidiary | - | 161,939 |
| CAPCO Canada | Fellow Subsidiary | 1,715,709 | 15,558 |
| **Corporate guarantee commission** | | | |
| Wipro Limited | Ultimate Holding Company | 683,036 | 750,084 |
| **Corporate Overhead** | | | |
| Wipro Limited | Ultimate Holding Company | 4,998,407 | 3,277,290 |
| **Loan taken during the year** | | | |
| Wipro IT services Inc (Amount in USD) | Fellow Subsidiary | - | 21,000,000 |
| CAPCO Canada(Amount in CAD) | Fellow Subsidiary | 23,901,000 | 29,450,000 |
| **Loan repayments during the year** | | | |
| Wipro Holdings Investment Limited(Amount in USD) | Fellow Subsidiary | | |
| Wipro IT services Inc (Amount in USD) | Fellow Subsidiary | - | 21,000,000 |
| Wipro Cyprus Private Limited | Fellow Subsidiary | - | 2,725,535 |

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

| Particulars | Relationship | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Payable to :** | | | |
| Wipro Limited | Ultimate Holding Company | 22,512,105 | 26,993,480 |
| Wipro Travel Services Limited | Fellow Subsidiary | 4,882 | 3,669 |
| Appirio, Inc. | Fellow Subsidiary | 218,850 | |
| Capco Canada | Fellow Subsidiary | 29,484 | **7,437** |
| Wipro, LLC | Fellow Subsidiary | 1,342,430 | - |
| Wipro Portugal S.A. | Fellow Subsidiary | 109,590 | - |
| Wipro do Brasil Technologia Ltda | Fellow Subsidiary | 36,182 | - |
| Wipro VLSI Design Services India Private Limited | Fellow Subsidiary | 6,046 | - |
| **Loans payable to:** | | | |
| Wipro Holdings Hungary | Fellow Subsidiary | 35,054,122 | 35,021,968 |
| Capco Canada | Fellow Subsidiary | 53,593,878 | 29,465,558 |
| **Receivable from** | | | |
| Wipro Limited | Ultimate Holding Company | 5,820,501 | 552,055 |
| Wipro LLC | Fellow Subsidiary | 250,515 | 170,378 |
| Appirio, Inc. | Fellow Subsidiary | 25,087 | - |
| Convergence Acceleration Solutions | Fellow Subsidiary | 64,199 | - |
| Capco Canada | Fellow Subsidiary | 362,400 | - |

**25 Effective Tax Rate (ETR) reconciliation**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Income tax expense in the Statement of Profit and Loss comprises of: | | |
| Current tax | (1,174,723) | 14,117,364 |
| Deferred tax | 4,583,935 | 404,046 |
| | **3,409,212** | **14,521,410** |

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as below:

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Profit before income tax | 4,424,912 | 62,221,190 |
| Enacted income tax rate | 25.15% | 24.00% |
| Computed expected tax expense | 1,112,865 | 14,933,086 |
| **Effect of:** | | |
| Tax expenses relating to prior years | 2,185,719 | (216,861) |
| Permanent differences | 110,628 | (199,148) |
| Prior period adjustment | - | (803) |
| Others | - | 5,136 |
| **Total income tax expense** | **3,409,212** | **14,521,410** |

**1 The Company Overview**

Wipro Solutions Canada Limited ("the Company") is a subsidiary of Wipro Information Technology Netherlands BV, incorporated and domiciled in Canada. It is engaged in the business of designing microprocessors, related technology, software, and sell design development systems (soft IP), to enhance the performance, cost-effectiveness and power-efficiency of Integrated Circuit applications mainly focused on the wireless and communication industry. The Company's ultimate holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India

**2 Basis of preparation of special purpose financial statements**

**(i) Statement of compliance and basis of preparation**

These Special Purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013.
The special purpose financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)]

**New amended standards and interpretations**

i) **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 this amendment has resulted in a reduction of ₹ 51 in opening retained earnings primarily due to allocation of other costs that relate directly to fulfilling contracts.

ii) **Amendments to Ind AS 103 – Business Combinations – Reference to Conceptual Framework**
The amendments specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The adoption of amendments to Ind AS 103 did not have any material impact on the interim condensed consolidated financial statements.

iii) **Amendments to Ind AS 109 – Financial Instruments**
The amendments clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The adoption of amendments to Ind AS 109 did not have any material impact on the interim condensed consolidated financial statements.

iv) **Amendments to Ind AS 16 – Property, Plant and Equipment – Proceeds before intended use**
The amendments clarifies that 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. The adoption of amendments to Ind AS 16 did not have any material impact on the interim condensed consolidated financial statements.

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

**Other amendments to the existing standards**

None

**New standards notified and yet to be adopted by the Company**

**Amendments to Ind AS 12 – Income Taxes**
On March 31, 2023, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from April 1, 2023. The amendments to Ind AS 12 clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that this exemption does not apply to transactions such as leases and decommissioning obligations and companies are required to recognize deferred tax on such transactions. The adoption of amendments to Ind AS 12 is not expected to have any material impact in the interim condensed consolidated financial statements.

The Company has accumulated losses amounting CAD 14,535,379 However based on the positive future cash flow projections the company believes it will not have any liquidity issues and hence the special purpose financial statements have been prepared on a 'Going Concern' basis.

**(ii) Basis of measurement**

These special purpose 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 recognised as the present value of defined benefit obligation less fair value of plan assets.

**(iii) Use of estimates and judgment**

The preparation of the special purpose 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 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 special purpose 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 labour 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) 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 is Canada. 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) 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.

**3 Significant accounting policies**

**(i) Functional and presentation currency**

These special purpose financial statements are presented in Canadian Dollar (CAD), 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 recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net. Gains/(losses), net, relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense

**(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 noncurrent 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, bank overdrafts, trade payables, 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:

**A. Cash and cash equivalents**

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

**B. Other financial assets:**

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially 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 and other assets.

**C. Trade and other payables**

Trade and other payables 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.

**b) Derecognition of financial instruments**

The Company derecognises 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 recognise the financial asset and also recognises a borrowing for the proceeds received. A financial liability (or a part of a financial liability) is derecognised 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 authorised share capital of the Company as at March 31, 2023 is 32,000,100 divided into 32,000,100 equity shares of CAD 1 each, Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as 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 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. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

| Category | Useful lives (in years) |
|---|---|
| Buildings | 28 to 40 years |
| Plant and machinery | 5 to 21 years |
| Office equipment | 2 to 7 years |
| Furniture, fixtures and office equipment | 3 to 10 years |
| Vehicles | 4 to 5 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 capitalised 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) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**a) Arrangements where the Company is the lessee**

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the lease term.

**b) Arrangements where the Company is the lessor**

In certain arrangements, the Company recognises revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognises unearned income as finance income over the lease term using the effective interest method.

**(vii) 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, lease 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 in to 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)'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 recognised 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 recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

**(viii) Employee Benefits**

**a) Social security**

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.

**b) Termination benefits**

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

**c) Short-term benefits**

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

**d) Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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 recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

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

**(x) Revenue**

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

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

**Services:**

**a. Time and material contracts**

Revenues and costs relating to time and materials contracts are recognised 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 recognised 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 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 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 recognised 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 recognised 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 recognised 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 recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognised as revenue on completion of the term.

**iii) Volume based contracts**

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

**c. Products**

Revenue on product sales are recognised 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 recognised. 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 recognised as an asset when the Company expects to recover these costs and amortised 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 recognised is amortised 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.

**(xi) 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 recognised in the statement of profit and loss using the effective interest method.

**(xii) Other income:**

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

**(xiii) 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.

**a) Current income tax**

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

**b) Deferred income tax**

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**(xiv) Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options, 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 special purpose financial statements by the Board of Directors.

**(xv) Cash flow statement**

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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).

**(xvi) Disposal of assets**

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

**(xvii) Commitments and contingencies**

**Capital Commitments:** As at March 31, 2023 the Company had committed to spend under agreements to purchase/construct property and equipment amounting to CAD 529,576. As at March 31, 2022 the Company had committed to spend under agreements to purchase/construct property and equipment amounting to CAD 3,257,601. These amounts are net of capital advances paid in respect of these purchases.
**Contingent liabilities:** As at March 31, 2023 and 2022 the Company did not have any possible obligation contingent on occurrence of some uncertain future event nor any present obligation, the amount for which cannot be measured reliably.

**Wipro Solutions Canada Limited**
**Notes to the Special Purpose financial statements for the year ended 31 March 2023**
(All amounts in CAD except otherwise stated)

### 26 Trade Receivable Ageing Schedule

**As at 31 March 2023**

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 28,639,898 | 2,565,458 | 22,186 | - | 1,685 | - | 31,229,227 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables–considered good | - | - | - | - | - | 142,115 | 142,115 |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| **Total** | **28,639,898** | **2,565,458** | **22,186** | **-** | **1,685** | **142,115** | **31,371,342** |
| Less : Allowance for credit impaired | - | - | - | - | - | - | **3,921** |
| (vii) Due from Related Parties | - | - | - | - | - | - | **6,522,701** |
| **Net Trade Receivables** | **28,639,898** | **2,565,458** | **22,186** | **-** | **1,685** | **142,115** | **37,890,122** |

**(ii) Trade Receivables ageing schedule**

**As at 31 March 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 23,406,017 | 3,168,408 | 403,731 | 9,263 | 21,033 | 150,032 | 27,158,484 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables–considered good | - | - | - | 60,444,670 | | | 60,444,670 |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| **Total** | **23,406,017** | **3,168,408** | **403,731** | **60,453,933** | **21,033** | **150,032** | **87,603,155** |
| Less : Allowance for credit impaired | - | - | - | - | - | - | **4,882,507** |
| (vii) Due from Related Parties | - | - | - | - | - | - | **589,597** |
| **Net Trade Receivables** | **23,406,017** | **3,168,408** | **403,731** | **60,453,933** | **21,033** | **150,032** | **83,310,245** |

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**27 Trade Payables ageing schedule**

**As at 31 March 2023**

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled & Not Due** | **Less than 1 year** | **1-2 years** | **2- 3 years** | **More than 3 years** | **Total** |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | 6,959,690 | 430,866 | 184,936 | 22,804 | 27,626 | 7,625,922 |
| (iii) Accrued Expenses | 8,036,504 | - | - | - | - | 8,036,503 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (v) Disputed dues - Others | - | - | - | - | - | - |
| (vi) Due to Related Parties | - | - | - | - | - | 22,094,748 |
| **Total** | 14,996,194 | 430,866 | 184,936 | 22,804 | 27,626 | 37,757,173 |

**Trade Payables ageing schedule**

**As at 31 March 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled & Not Due** | **Less than 1 year** | **1-2 years** | **2- 3 years** | **More than 3 years** | **Total** |
| (i) Trade Payables - MSME | - | - | - | - | - | - |
| (ii) Trade Payables - Others | 580,059 | 1,278,653 | 20,542 | 11,444 | 16,183 | 1,906,879 |
| (iii) Accrued Expenses | 4,687,547 | - | - | - | - | 4,687,547 |
| (iv) Disputed dues – MSME | - | - | - | - | - | - |
| (v) Disputed dues - Others | - | - | - | - | - | - |
| (vi) Due to Related Parties | - | - | - | - | - | 25,290,162 |
| **Total** | **5,267,606** | **1,278,653** | **20,542** | **11,444** | **16,183** | **31,884,588** |

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**28 Financial instruments**

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at 31 March 2023 were as follows :

| Particulars | Note | FVTOCI | Amortized cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Financial assets :** | | | | | |
| Trade receivables | 6 | - | 37,890,122 | 37,890,122 | 37,890,122 |
| Cash and cash equivalents | 7 | - | 72,086,423 | 72,086,423 | 72,086,423 |
| Unbilled revenues | | - | 14,915,820 | 14,915,820 | 14,915,820 |
| **Total financial assets** | | **-** | **124,892,365** | **124,892,365** | **124,892,365** |
| **Financial liabilities :** | | | | | |
| Borrowings | 10 | - | 88,648,000 | 88,648,000 | 88,648,000 |
| Trade payables | 13 | - | 37,757,173 | 37,757,173 | 37,757,173 |
| Other financial liabilities | 14 & 15 | - | 3,275,815 | 3,275,815 | 3,275,815 |
| **Total financial liabilities** | | **-** | **129,680,988** | **129,680,988** | **129,680,988** |

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

| Particulars | Note | FVTOCI | Amortized cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Financial assets :** | | | | | |
| Trade receivables | 6 | - | 27,421,692 | 27,421,692 | 27,421,692 |
| Cash and cash equivalents | 7 | - | 13,856,749 | 13,856,749 | 13,856,749 |
| Unbilled revenues | | - | 7,150,391 | 7,150,391 | 7,150,391 |
| **Total financial assets** | | **-** | **48,428,832** | **48,428,832** | **48,428,832** |
| **Financial liabilities :** | | | | | |
| Borrowings | 10 | - | 64,487,526 | 64,487,526 | 64,487,526 |
| Trade payables | 13 | - | 31,884,588 | 31,884,588 | 31,884,588 |
| Other financial liabilities | 14 & 15 | - | 2,274,591 | 2,274,591 | 2,274,591 |
| **Total financial liabilities** | | **-** | **98,646,705** | **98,646,705** | **98,646,705** |

**Notes to financial instruments**

**i.** The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**ii. Fair value hierarchy**

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

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

**Level 2**: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3**: Unobservable inputs for the asset or liability.

**Measurement of fair value of financial instruments**

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

**29 Employee benefits**

**A. Defined contribution plan**

| Sl. No. | Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 1 | Contribution to provident fund | - | - |
| 2 | Contribution to national pension scheme | 317,239 | 311,913 |

**B. Defined benefit plan**

Disclosure as per Ind AS 19 – Employee Benefits for the year ended 31 March 2023
The Company has a defined gratuity plan payable to every eligible employee on separation from employment.

**Gratuity**

| Sl. No. | Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 1 | **Assumptions** | | |
| | Discount rate | 3.41% | 1.94% |
| | Rate of increase in compensation levels | 2.00% | 3% for the first year and 2% thereafter |
| | Rate of return on plan assets | - | - |
| 2 | **Demographic Assumptions** | | |
| | Mortality | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| | Retirement Age | 65 Years | 65 Years |
| 3 | **Change in defined benefit obligation** | | |
| | At beginning of period | 22,553 | 42,075 |
| | Service cost | 1,039 | 1,447 |
| | Interest cost | 437 | 436 |
| | Actuarial (gains) / losses | 2842 | -21405 |
| | Benefits paid | - | - |
| | Past service costs | - | - |
| | At end of period | 26,871 | 22,553 |
| 4 | **Amounts recognised in Balance Sheet** | | |
| | Defined benefit obligation | - | - |
| | Fair value of plan asset | - | - |
| | Liability recognised in Balance Sheet | 26,871 | 22,553 |
| 5 | **Amounts recognised in Revenue Account / Profit & Loss account** | | |
| | Current service cost | 1,039 | 1,447 |
| | Interest cost | 437 | 436 |
| | Total expenses as per books | 1,476 | 1,883 |
| 6 | **Movement in liability recognised in Balance Sheet** | | |
| | At beginning of period | 22,553 | 42,075 |
| | Expenses as per (6) above | 1,476 | 1,883 |
| | Re-measurement (or Actuarial) (gain) / loss | 2,842 | -21,405 |
| | At end of period | 26,871 | 22,553 |

**Leave encashment**

| Sl. No. | Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| 1 | **Assumptions** | | |
| | Discount rate | **3.41%** | **1.94%** |
| | Salary escalation rate | 2.00% | 3% for the first year and 2% thereafter |
| 2 | **Demographic Assumptions** | | |
| | Mortality | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| | Employee Turnover/ Withdrawal Rate | | |
| | Retirement Age | 58 years | 58 years |
| 2 | **Change in defined benefit obligation** | | |
| | At beginning of period | 328,270 | 597,485 |
| | Provision made during the year | 318,538 | -269,215 |
| | At end of period | 646,808 | 328,270 |

The estimates of future salary increase considered in actuarial valuation takes into account Company's philosophy towards employee remuneration, regular increments, price inflation and promotional increases.

**30 Financial risk management**

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

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

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

**A Credit risk**

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

Credit risk management

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

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

**B Liquidity risk**

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

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

**Maturities of financial liabilities**

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

| **31 March 2023** | **Less than 1 year** | **1 year to 5 years** | **5 years and above** | **Total** |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings | 88,648,000 | - | - | 88,648,000 |
| Trade payables | 37,757,173 | - | - | 37,757,173 |
| Other financial liabilities | 3,101,916 | 173,899 | - | 3,275,815 |
| **Total** | **129,507,089** | **173,899** | **-** | **129,680,988** |

| **31 March 2022** | **Less than 1 year** | **1 year to 5 years** | **5 years and above** | **Total** |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings | 64,487,526 | - | - | 64,487,526 |
| Trade payables | 31,884,588 | - | - | 31,884,588 |
| Other financial liabilities | 2,193,921 | 80,670 | - | 2,274,591 |
| **Total** | **98,566,035** | **80,670** | **-** | **98,646,705** |

**31 Financial risk management (continued)**

**C Interest rate risk**

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

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

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Variable rate borrowing | 88,648,000 | 74,763,435 |
| Fixed rate borrowing | - | 2,894,974 |
| | **88,648,000** | **77,658,409** |

**Interest rate risk**

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

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Interest rates – increase by 50 basis points (50 bps) | 443,240 | 373,817 |
| Interest rates – decrease by 50 basis points (50 bps) | (443,240) | (373,817) |

**32 Capital management**

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt as below:
- Equity includes equity share capital and all other equity components, which attributable to the equity holders
- Net Debt includes borrowings, less cash and cash equivalents

| | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Borrowings | 88,648,000 | 64,487,526 |
| Less: Cash and cash equivalents | 72,086,423 | 13,856,749 |
| **Net Debt** | **16,561,577** | **50,630,777** |
| Equity share capital | 32,000,100 | 32,000,100 |
| Other equity | (13,944,326) | (14,958,765) |
| **Total capital** | **18,055,774** | **17,041,335** |
| **Gearing Ratio** | 0.92 | 2.97 |

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

**33 Segment reporting**

Management currently identifies a single reportable operating segment as per Ind AS 108- 'Segment Reporting' which is designing microprocessors and allied services. These operating segments are monitored by the company's chief operating decision maker. The Company operates primarily in Canada and there is no other significant geographical segment.

The company is having three customers (previous year three customers) whose revenue is more than 10% of the total revenue, contributing 56% (previous year 74%) of the total revenue put together.

**34 Note on negative net worth**

As at the year end, the company has accumulated losses of CAD 14,535,380 (Previous year CAD 15,551,080). In addition, the current liabilities exceed its current assets by CAD 5,788,802 (Previous year CAD 56,007,832) . The special purpose financial statement has been prepared on the assumption that the Company will continue as a going concern, based on the future projections and financial support from the parent company, if needed. Further, the Company and its holding Company has adequate liquid assets to support the operation of the Company for next one year. Accordingly, the Company will be able to realise its assets and discharge its liabilities as recorded in these financial statements in the normal course of business.

**35 Contingent liabilities and commitments**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| a) Claims against the Company not acknowledge as debts | Nil | Nil |
| b) Bank guarantees | Nil | Nil |

Estimated amount of contracts remaining to be executed on capital account and not provided for 31 March 2023 CAD 529,576 (31 March 2022: CAD 3,257,601)

**36 Events occurring after the reporting date**

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

**37 Comparatives**

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

**Sd/-**
**Seethalakshmi M**
Partner
Membership No: 208545
Place: Bengaluru
Date: 23 May 2023

**For and on behalf of the Board of Directors of Wipro Solutions Canada Limited**

**Sd/-**
**Gaurav Anand**
Director

Date: 23 May 2023

**Sd/-**
**Kim Watson**
Director

Date: 23 May 2023