

Financial Statements and Independent Auditor's Report

Wipro IT Services Bangladesh Limited

31st March 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Wipro IT Services Bangladesh Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Wipro IT Services Bangladesh Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as “the Special Purpose Financial Statements”). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited (“the Parent”) solely for inclusion in the annual report of Wipro limited for the year ended 31 March 2021 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (“Ind AS”) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Responsibilities of the Management and Those Charged with Governance for the Special Purpose Financial Statements

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

the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Other Matters

The audited financial statements of the Company for the corresponding year ended 31 March 2020 prepared in accordance with IFRS, have been audited by the predecessor auditors whose audit report dated 15 June 2020 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of this matter.

Restriction on distribution or use

This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and ultimate holding company's board of directors, for our audit work, for this report, or for the opinions we have formed.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

S/d

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 21208545AAAAEZ9443

Bengaluru

8 June 2021

Wipro IT Services Bangladesh Limited
Balance Sheet as at 31 March 2021
(Amount in BDT, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non current assets			
Property, plant and equipment	4	3,168,987	2,863,524
Right-of-use assets	5	22,319,554	35,771,400
Financial assets			
Other financial assets	9	286,217	842,833
		25,774,758	39,477,757
Current assets			
Financial assets			
Trade receivables	7	302,088,665	324,568,921
Cash and cash equivalents	8	717,346,957	574,998,376
Unbilled trade receivables		44,839,520	27,811,124
Other financial assets	9	4,450,950	3,396,242
Other current assets	10	559,780,478	465,586,608
		1,628,506,570	1,396,361,271
Total assets		1,654,281,328	1,435,839,028
Equity and liabilities			
Equity			
Share capital	11	425,000,000	425,000,000
Reserves and surplus		86,640,031	259,611,603
		511,640,031	684,611,603
Non Current Liabilities			
Financial liabilities			
Lease liabilities	6	11,515,197	28,598,391
Provision	13	5,442,472	813,037
Deferred tax liability (net)		1,199,659	599,830
		18,157,328	30,011,258
Current liabilities			
Financial liabilities			
Trade payables	12	959,122,296	570,116,533
Lease liabilities	6	17,368,860	14,711,741
Current tax liabilities (net)	15	133,022,011	122,652,498
Other current liabilities	14	8,461,800	7,055,236
Provision	13	6,509,001	6,680,159
		1,124,483,968	721,216,167
Total equity and liabilities		1,654,281,328	1,435,839,028

The accompanying notes form an integral part of these financial statements

As per our report of even date attached
for PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration Number : 003990S / S200018

For and on behalf of the Board of Directors of
Wipro IT Services Bangladesh Limited

S/d
Seethalakshmi M
Membership No. 208545
Bangalore
8 June 2021

S/d
Bhavya Kapoor
Director

S/d
Mahima Singhal
Director

Wipro IT Services Bangladesh Limited
Statement of profit or loss and other comprehensive income for the year ended 31 March 2021
(Amount in BDT, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
REVENUE			
Revenue from operations	16	910,739,931	1,067,347,699
Other income	17	6,502,677	32,069,223
		917,242,608	1,099,416,922
EXPENSES			
Subcontracting charges		806,584,860	659,670,143
Employee benefits expense	18	186,059,154	195,111,193
Finance costs	19	4,103,125	5,521,103
Depreciation and amortization expense	4&5	15,569,478	25,369,331
Other expenses	20	66,928,221	72,169,497
		1,079,244,838	957,841,267
Profit before tax		(162,002,229)	141,575,655
Current tax		10,369,512	36,707,519
Deferred tax		599,829	(599,829)
Tax expense		10,969,341	36,107,690
Profit for the year		(172,971,571)	105,467,965
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		(172,971,571)	105,467,965
Earnings per equity share of par value BDT 10 each			
Basic and diluted	21	(4.07)	2.48

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**For and on behalf of the Board of Directors of Wipro
IT Services Bangladesh Limited**

S/d
Seethalakshmi M
Membership No. 208545
Bangalore
8 June 2021

S/d
Bhavya Kapoor
Director

S/d
Mahima Singhal
Director

Wipro IT Services Bangladesh Limited
Statement of Changes in Equity for the year ended 31 March 2021
(Amount in BDT, unless otherwise stated)

Equity share capital	As at 01 April 2020	Changes during the year	As at 31 March 2021
Number of equity share of face value BDT 10 per share	42,500,000	-	42,500,000
	42,500,000	-	42,500,000

Equity share capital	As at 01 April 2019	Changes during the year	As at 31 March 2020
Number of equity share of face value BDT 10 per share	42,500,000	-	42,500,000
	42,500,000	-	42,500,000

Other Equity

Particulars	Retained earnings	Total
Balance as at 01 April 2019	159,867,567	159,867,567
Effect of change in accounting policy for initial application of Ind AS 116	(5,723,930)	(5,723,930)
Balance as at 01 April 2019 (as restated)	154,143,637	154,143,637
Profit for the year	105,467,965	105,467,965
Other comprehensive income for the period	-	-
Balance as at 31 March 2020	259,611,602	259,611,602
Balance as at 01 April 2020	259,611,602	259,611,602
Profit for the period	(172,971,571)	(172,971,571)
Other comprehensive income for the year	-	-
Balance as at 31 March 2021	86,640,031	86,640,031

The accompanying notes form an integral part of these financial statements

**As per our report of even date attached
for PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number : 003990S / S200018

**For and on behalf of the Board of Directors of Wipro IT
Services Bangladesh Limited**

S/d
Seethalakshmi M
Membership No. 208545
Bangalore
8 June 2021

S/d
Bhavya Kapoor
Director

S/d
Mahima Singhal
Director

Wipro IT Services Bangladesh Limited
Cash Flow Statement for the year ended 31 March 2021
(Amount in BDT, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flows from operating activities		
Profit for the year	(172,971,571)	105,467,965
Adjustments		
Income tax provision	10,969,341	36,107,690
Depreciation	15,569,478	25,369,331
Interest expense	4,103,125	5,521,103
Operating (loss) / profit before working capital changes	<u>(142,329,627)</u>	<u>172,466,089</u>
Adjustments for working capital changes:		
Trade and other receivables	5,451,860	555,480,909
Other financial assets	(498,092)	(4,239,075)
Other current assets	(94,193,871)	(333,072,216)
Trade and other payables	393,464,040	(727,836,086)
Other current liabilities	1,406,563	(50,458,081)
Cash generated from / (used in) from operations	<u>163,300,875</u>	<u>(387,658,460)</u>
Direct taxes (paid) / refund	-	-
Net cash generated from / (used in) operating activities	<u>163,300,875</u>	<u>(387,658,460)</u>
B. Cash flows from investing activities		
Acquisition of fixed assets	(2,423,095)	(14,859,522)
Net (used in) investing activities	<u>(2,423,095)</u>	<u>(14,859,522)</u>
C. Cash flows from financing activities		
Repayments of the lease liability	(14,426,075)	(11,558,530)
Interest expense	(4,103,125)	(5,521,103)
Net cash (used in) / generated from financing activities	<u>(18,529,200)</u>	<u>(17,079,633)</u>
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	142,348,580	(419,597,616)
E. Cash and cash equivalents at the beginning of the period	<u>574,998,376</u>	<u>994,595,991</u>
F. Cash and cash equivalents at the end of the year (D+E)	<u>717,346,957</u>	<u>574,998,376</u>

The accompanying notes form an integral part of these financial statements

As per our report of even date attached
for PKF Sridhar & Santhanam LLP
Chartered Accountants
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For and on behalf of the Board of Directors of
Wipro IT Services Bangladesh Limited

S/d
Seethalakshmi M
Membership No. 208545
Bangalore
8 June 2021

S/d
Bhavya Kapoor
Director

S/d
Mahima Singhal
Director

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

1 General information

Wipro IT Services Bangladesh Limited (the "Company") was incorporated on 09 January 2018 as a private limited company in Bangladesh under the Companies Act, 1994. The registered office of the Company is situated at Grand Delvistaa, Level-4, Plot-1/A, Road-113, Gulshan, Dhaka-1212, Bangladesh.

The Company is an information technology (IT) enabled service provider which is primarily engaged in establishing, developing, debugging, procuring and providing all kinds of IT solutions, network and system integration services.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

(ii) Basis of measurement

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

2.2 Use of estimates and Judgments

i) Estimates

The preparation of financial statements in conformity with Ind AS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses. Such estimates are prepared on the assumption of going concern and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

Significant estimates made by management in the preparation of these financial statements include assumptions used for depreciation.

ii) Judgments

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the financial statements is judgmental.

iii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Financial instruments (Note 22)

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional and presentation currency. Figures have been rounded off to the nearest Taka, unless stated otherwise.

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

2.4 Property, plant and equipment

i) Recognition of property, plant and equipment

These are capitalised at cost of acquisition and subsequently stated at cost less accumulated depreciation and accumulated impairment losses. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalised.

iii) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put to use except land. Depreciation is charged from the date of acquisition and no depreciation is charged at the date of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

<u>Category</u>	<u>Rate %</u>
Furniture & Fixture	2.5
Air conditioner	19
Computer	50
Office equipment	19

v) Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication that the assets might be impaired. Any provision of impairment is charged to the statement of profit or loss in the period concerned.

vi) Retirement and disposals

An asset is derecognised on disposal or when no further economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts, and are recognized in the statement of income in "Profit (Loss) on disposals and other non-operating income (expenses)".

2.5 Intangible assets

i) Software

Software costs are capitalised where it is expected to provide future economic benefits. Capitalisation costs include license fees and cost of implementation/ system integration services which are capitalised in the year in which the relevant software is installed for use. Costs of maintenance, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Amortization of intangible assets

Software

Software costs are amortised using the straight-line method over their useful lives of three years.

2.6 Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through Profit or Loss (FVTPL).

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

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit or Loss (FVTPL). Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Foreign currency translation/ transaction

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate between the functional currency and foreign currency at the date of the transaction.

All monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the statement of financial position date. Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are generally recognized in profit or loss.

2.8 Employees' benefit schemes

i) Provident fund

The Company also operates an unrecognised provident fund scheme with equal contributions by the employees and the Company. The fund is administered by a Board of Trustees.

2.9 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI).

As an IT enabled service provider the Company is exempted from income tax up to thirtieth day of June, 2024 as per 6th schedule, part A, para 33 of Income Tax Ordinance 1984.

2.10 Revenue recognition

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

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

i. Services:

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectibility is reasonably assured.

ii. Fixed-price contracts:

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the "percentage-of-completion" method.

iii. Products/Software:

Revenue from sale of products is recognised when the significant risks and rewards of ownership has been transferred in accordance with the sales contract. Revenue from product sales is shown net value added tax.

iv. Time and material contracts:

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

v. Unbilled revenue:

Unbilled revenues represent cost and earnings in excess of billings as at the end of the reporting period.

2.11 Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

Ind AS 116 introduces new requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption of Ind AS 116 on the Company's financial statements is described below.

The date of initial application of Ind AS 116 for the Company is 1 April 2019.

The Company has applied Ind AS 116 using the modified retrospective approach which:

- Requires the Company to recognise the cumulative effect of initially applying Ind AS 116 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under Ind AS 17

Ind AS 116 changes how the Company accounts for leases previously classified as operating leases under Ind AS 17, which were off balance sheet. Applying Ind AS 116, for all leases, the Company:

- a) Recognises right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of Cash flows.

Under Ind AS 116, right-of-use assets are tested for impairment

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by Ind AS 116. This expense is presented in profit or loss. The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying Ind AS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

2.12 Provision

The Company recognises provisions when it has a legal or constructive obligation resulting from past events, the resolution of which would result in outflow of resources embodying economic benefits from the Company.

2.13 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.14 Comparatives

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current period.

3 (i) New amended standards and interpretations

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

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

Other amendments to the existing standards

None

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

None

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

4 Property, plant and equipment

	Furniture and fixtures	Plant and Machinery	Computer	Office equipment	Total
Cost					
Balance at 1 April 2019	225,870	520,821	13,078,350	-	13,825,041
Additions	-	-	698,415	487,000	1,185,415
Disposals	-	(100,460)	(50,474)	-	(150,934)
Balance at 31 March 2020	225,870	420,361	13,726,291	487,000	14,859,522
Additions	-	602,000	1,765,595	55,500	2,423,095
Disposals	-	-	(219,871)	-	(219,871)
Balance at 31 March 2021	225,870	1,022,361	15,272,016	542,500	17,062,746
Accumulated depreciation					
Balance at 1 April 2019	1,439	24,313	4,425,897	-	4,451,648
Additions	4,348	73,473	7,506,382	10,620	7,594,823
Disposals	-	-	(50,474)	-	(50,474)
Balance at 31 March 2020	5,787	97,786	11,881,805	10,620	11,995,998
Additions	5,786	165,428	1,849,431	96,987	2,117,632
Disposals	-	-	(219,871)	-	(219,871)
Balance at 31 March 2021	11,573	263,214	13,511,365	107,607	13,893,759
At 31 March 2020	220,083	322,575	1,844,486	476,380	2,863,524
At 31 March 2021	214,297	759,147	1,760,650	434,893	3,168,987

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
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5 Right-of-use assets

	Building	Total
Cost		
At 1 April 2019		
Additions:		
Right of use assets	47,414,150	47,414,150
Deposit on Right of use asset	1,680,109	1,680,109
At 31 March 2020		49,094,259
At 1 April 2020		49,094,259
Additions:		
Right of use assets		-
Deposit on Right of use asset		-
At 31 March 2021		49,094,259
Accumulated depreciation		
At 1 April 2019		
Charge for the year:		
Depreciation on Right of use assets	12,934,354	12,934,354
Depreciation on Deposit on Right of use assets	388,505	388,505
At 31 March 2020		13,322,859
At 1 April 2020		13,322,859
Charge for the year:		
Depreciation on Right of use assets		12,934,354
Depreciation on Deposit on Right of use assets		517,492
At 31 March 2021		26,774,705
As at March 2020		35,771,400
As at March 2021		22,319,554
At 31 March 2020		

The Company leases assets including building. The average lease term is 5 years.

<u>Amounts recognised in profit or loss</u>	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Depreciation expense on right-of-use assets	13,451,846	13,322,859
Interest expense on lease liabilities	4,103,125	5,521,103

6 Lease liability

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Analysed as:		
Non-current	11,515,197	28,598,391
Current	17,368,860	14,711,741
	28,884,057	43,310,132
Maturity analysis:		
Year 1	17,368,860	14,711,741
Year 2	11,515,197	17,368,860
Year 3	-	11,229,531
Year 4	-	-
Year 5	-	-
Onwards		

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
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	As at 31 March 2021	As at 31 March 2020		
7 Trade receivables				
Considered good* (unsecured)	302,088,665	324,568,921		
Balance having significant increase in credit risk	-	-		
Credit impaired	-	-		
	<u>302,088,665</u>	<u>324,568,921</u>		
8 Cash and cash equivalents				
Cash at bank	417,346,957	424,998,376		
Demand deposits	300,000,000	150,000,000		
	<u>717,346,957</u>	<u>574,998,376</u>		
9 Other financial assets				
Security deposits				
Non-current	286,216	842,833		
Current	4,450,950	3,396,242		
	<u>4,737,166</u>	<u>4,239,075</u>		
10 Other current assets				
Balances with tax authorities	496,699,414	440,754,966		
Prepaid expenses and advances	11,830,207	8,665,022		
Other receivables	51,250,858	16,166,620		
	<u>559,780,478</u>	<u>465,586,608</u>		
11 Share capital				
Authorized capital				
50,000,000 ordinary shares of Taka 10 each	<u>500,000,000</u>	<u>500,000,000</u>		
Issued, subscribed and paid up capital				
42,500,000 ordinary shares of Taka 10 each fully paid up	<u>425,000,000</u>	<u>425,000,000</u>		
Details of shareholding position of the Company				
Name of the Shareholders	No. of shares	% of holding	As at 31 March 2021	As at 31 March 2020
Wipro Limited	42,499,990	99.99998%	424,999,900	424,999,900
Bhavya Kapoor	10	0.00002%	100	100
	<u>42,500,000</u>	<u>100%</u>	<u>425,000,000</u>	<u>425,000,000</u>
There has been no issue of shares for consideration other than cash during the 5 years preceding 31 March 2021				
12 Trade payable				
Payables*	959,122,296	570,116,533	-	-
	<u>959,122,296</u>	<u>570,116,533</u>		
*Refer Note 24 for related party payables				
13 Provision				
Compensated absences				
Non-current	5,442,472	813,037		
Current	6,509,001	6,680,159		
	<u>11,951,473</u>	<u>7,493,196</u>		
14 Other Current Liabilities				
Liquidated damages	7,507,350	-		
Employee benefit payable	762,146	6,940,179		
Other current liabilities	192,304	115,058		
	<u>8,461,800</u>	<u>7,055,236</u>		
15 Current tax liabilities (net)				
Opening balance	122,652,498	122,652,498		
Add: Provision during the year	10,369,513	-		
Less: Adjustment	-	-		
Closing balance	<u>133,022,011</u>	<u>122,652,498</u>		

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
16 Revenue from operations		
Sale of services	910,739,931	1,067,347,699
	910,739,931	1,067,347,699
17 Other income		
Interest income	5,159,188	32,069,223
Foreign exchange gain, net	1,296,131	-
Reversals of doubtful advances	47,358	-
	6,502,677	32,069,223
18 Employee benefits expense		
Salaries and wages	181,281,148	197,304,915
Compensated absences	4,533,104	(3,496,827)
Staff welfare	244,903	1,303,105
	186,059,154	195,111,193
19 Finance cost		
Interest expense on lease liabilities	4,103,125	5,521,103
	4,103,125	5,521,103
20 Other expenses		
Communication	4,719,458	2,067,922
Electricity (power)	1,276,841	4,090,874
House keeping and maintenance	6,460,054	3,846,036
Legal and professional charges	13,783,153	16,597,873
Rates and taxes	29,169,882	27,584,169
Repairs and maintenance	191,974	45,801
Training	12,516	296,725
Travel and conveyance	4,846,677	8,005,713
Insurance expense	3,296,906	5,386,628
Doubtful advances	-	665,356
Interest expense	-	437,555
Bank charges	176,166	650,000
Foreign exchange loss, net	-	1,416,832
Audit fees	2,035,958	951,553
Miscellaneous	958,635	126,461
	66,928,221	72,169,497
21 Earnings per share		
Net profit after tax attributable to the equity shareholders	(172,971,571)	105,467,965
Weighted average number of equity shares - for basic and diluted EPS	42,500,000	42,500,000
Earnings per share - Basic and diluted	(4.07)	2.48

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

22 Effective tax reconciliation

Income tax expense consists of the following:

	As at 31 March 2021	As at 31 March 2020
Income tax expense	1,553,544	36,707,519
Prior year taxes	8,815,968	-
Deferred tax expense	599,829	(599,829)
	10,969,341	36,107,690

The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit

	As at 31 March 2021	As at 31 March 2020
Profit before tax	(162,002,229)	141,575,655
Enacted income tax rate in Bangladesh	32.50%	32.50%
Computed expected tax expense	(52,650,725)	46,012,088
Effect of:		
Income exempt from tax	53,250,553	(9,904,399)
Interest income for tax purpose	1,553,544	-
Earlier year tax provision	8,815,968	-
Total income taxes expenses	10,969,341	36,107,689

The components of deferred tax assets and liabilities are as follows:

	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment	(1,199,659)	(599,830)

Movement in deferred tax assets and liabilities

Movement during the year ended March 31, 2021

Particulars	As at April 1, 2020	Credit/ (charge) in the statement of profit and loss	Credit/ (charge) in other comprehensive income	As at March 31, 2021
Property, plant and equipment	(599,829)	(599,829)	-	(1,199,659)
Total	(599,829)	(599,829)	-	(1,199,659)

Movement in deferred tax assets and liabilities

Movement during the year ended March 31, 2020

Particulars	As at April 1, 2019	Credit/ (charge) in the statement of profit and loss	Credit/ (charge) in other comprehensive income	As at March 31, 2020
Property, plant and equipment	-	599,829	-	(599,829)
Total	-	599,829	-	(599,829)

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information

(Amount in BDT, unless otherwise stated)

23 Financial instruments

Financial instruments by category

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

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Trade receivables	7	-	-	302,088,665	302,088,665	302,088,665
Cash and cash equivalents	8	-	-	717,346,957	717,346,957	717,346,957
Unbilled trade receivables	0	-	-	44,839,520	44,839,520	44,839,520
Other financial assets	9	-	-	4,737,167	4,737,167	4,737,167
Total financial assets		-	-	1,069,012,309	1,069,012,309	1,069,012,309
Financial liabilities :						
Trade payables	12	-	-	959,122,296	959,122,296	959,122,296
Provision	13	-	-	11,951,473	11,951,473	11,951,473
Lease liabilities	6	-	-	28,884,057	28,884,057	28,884,057
Total financial liabilities		-	-	999,957,826	999,957,826	999,957,826

Notes to financial instruments

- i. The management assessed that the fair value of cash and cash equivalents, trade receivables and trade payables 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.

Financial instruments

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable inputs market data (unobservable inputs).

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.

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Wipro IT Services Bangladesh Limited

Summary of significant accounting policies and other explanatory information

(Amount in BDT, unless otherwise stated)

iii Financial risk management

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

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Trade payables	Rolling cash flow forecasts

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 carried at amortized cost and deposits with banks and financial institutions.

Credit risk management

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

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

Expected credit loss for trade receivables under simplified approach

Trade receivables are secured in a form that registry of sold residential/commercial units is not processed till the time the Company does not receive the entire payment. Hence, as the Company does not have significant credit risk, it does not present the information related to ageing pattern.

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

B Liquidity risk

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

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

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

31 March 2021	Less than 1 year	1 year to 5 years	Total
Non-derivatives			
Trade payables	959,122,296	-	959,122,296
Lease liabilities	17,368,860	11,515,197	
Total	976,491,156	11,515,197	959,122,296

Wipro IT Services Bangladesh Limited
Summary of significant accounting policies and other explanatory information
(Amount in BDT, unless otherwise stated)

24 Related party disclosure

a) Parties where control exists:

Name of related party	Nature of relationship
Wipro Limited	Holding Company
Wipro (Thailand) Co Limited	Fellow Subsidiary
PT. WT Indonesia	Fellow Subsidiary

b) The Company has the following related party transactions:

Particulars	Holding Company		Other related parties	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Purchase of Services				
Wipro Limited	672,203,027	375,002,113	-	-
Wipro (Thailand) Co Limited	-	-	-	377,057
PT Indonesia	-	-	133,943	36,143
*Reimbursement of expenses is not considered				

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

Particulars	Holding Company		Entities controlled by Directors	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade payable balances				
Wipro Limited	834,326,502	488,979,962	-	-
Wipro (Thailand) Co Limited	-	-	377,057	377,057
PT Indonesia	-	-		

25 Employee benefit

Compensated absences

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31 March 2021	31 March 2020
Discount rate(s) (per annum)	6.00%	4.30%
Expected rate(s) of salary increase (per annum)	2.00%	2.00%

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	31 March 2021	31 March 2020
Present value of obligation	7,493,196	11,951,473
Fair value of plan assets	-	-
Net asset / (liability) arising from obligation	(7,493,196)	(11,951,473)
Current liability	6,680,159	6,509,001
Non Current liability	813,037	5,442,472
	7,493,196	11,951,473

Wipro IT Services Bangladesh Limited

Summary of significant accounting policies and other explanatory information

(Amount in BDT, unless otherwise stated)

26 Events occurring after the reporting date

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

27 Impact of COVID19

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

The accompanying notes form an integral part of these financial statements

**As per our report of even date attached
for PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number : 003990S / S200018

**For and on behalf of the Board of Directors of Wipro IT Services
Bangladesh Limited**

S/d
Seethalakshmi M
Membership No. 208545
Bangalore
8 June 2021

S/d
Bhavya Kapoor
Director

S/d
Mahima Singhal
Director