

Special Purpose Financial Statements
CAPCO (US) LLC
31 March 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of CAPCO (US) LLC

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of CAPCO (US) LLC (“the Company”), which comprise the Balance Sheet as at 31 March 2022, 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 period 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 2022 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the basis of presentation referred to in Note 2(i) to the Special Purpose Financial Statements, of the state of affairs of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended 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 Standards are further described in the Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) 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.

Basis of Accounting and Restriction on Use

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

Management Responsibility 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.

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.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Sd/-

Seethalakshmi M

Partner

Membership No. 208545

Bengaluru

20 June 2022

CAPCO (US) LLC
Balance Sheet as at 31 March 2022

(All amounts in USD except otherwise stated)

Particulars	Notes	As at 31 March 2022
<u>ASSETS</u>		
Current assets		
Financial assets		
Trade receivables	4	22,924,297
Cash and cash equivalents	5	10,903,902
Total current assets		33,828,199
TOTAL ASSETS		33,828,199
<u>EQUITY AND LIABILITIES</u>		
Equity		
Equity share capital	6	4,000,000
Other equity	7	2,229,352
Total equity		6,229,352
Current liabilities		
Financial liabilities		
Trade payables	8	1,246,829
Loan from related parties		25,837,477
Current tax liabilities (net)	9	514,541
Total current liabilities		27,598,847
TOTAL LIABILITIES		27,598,847
TOTAL EQUITY AND LIABILITIES		33,828,199
Summary of significant accounting policies	1-3	

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

As per our report of even date attached

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.: 003990S/S 200018

For and on behalf of the Board

CAPCO (US) LLC

Sd/-

Seethalakshmi M

Partner

Membership No.: 208545

Sd/-

Rajan Kohli

Director

Sd/-

Mohit Bansal

Director

Bengaluru

20 June 2022

New Jersey

20 June 2022

Florida

20 June 2022

CAPCO (US) LLC

Statement of Profit and Loss for the period ended 31 March 2022

(All amounts in USD except otherwise stated)

Particulars	Note	For the period 29 April 2021 to 31 March 2022
INCOME		
Other income	10	453,776
Total income		453,776
EXPENSES		
Finance costs	11	56,022
Total expenses		56,022
Profit before tax		397,754
Tax expenses		
Current tax	12	113,871
Total tax expenses		113,871
Profit for the period		283,883
Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss		-
Items that will be reclassified to profit or loss		-
Total other comprehensive income for the period, net of taxes		283,883

Since there is no concept of share capital, hence the EPS is not computed.

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

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

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Bengaluru
20 June 2022

For and on behalf of the Board
CAPCO (US) LLC

Sd/-
Rajan Kohli
Director

New Jersey
20 June 2022

Sd/-
Mohit Bansal
Director

Florida
20 June 2022

CAPCO (US) LLC

Statement of Changes in Equity for the period ended 31 March 2022

(All amounts in USD except otherwise stated)

A. Equity share capital

	Note	Balance
As at 29 April 2021	6	4,000,000
Changes in equity share capital		-
As at 31 March 2022	6	4,000,000

B. Other equity

	Other equity		
	Securities premium	Retained earnings	Total other equity
As at 29 April 2021	-	1,945,469	1,945,469
Profit for the period	-	283,883	283,883
As at 31 March 2022	-	2,229,352	2,229,352

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

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

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

For and on behalf of the Board
CAPCO (US) LLC

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

Bengaluru
20 June 2022

New Jersey
20 June 2022

Florida
20 June 2022

CAPCO (US) LLC
Cash Flow Statement for the period 31 March 2022

(All amounts in USD except otherwise stated)

	Period ended 31 March 2022
A. Cash flow from operating activities	
Profit before tax	397,754
<u>Adjustments for:</u>	
Finance costs on borrowings	56,022
Interest income on bank deposits	(453,639)
	<u>(397,617)</u>
Operating profit/(loss) before working capital changes	137
Movements in working capital:	
(Increase)/decrease in trade receivable	(3,280,278)
(Increase)/decrease in other current assets	(403,848)
Increase in trade payable	483,636
Cash generated in operations	(3,200,490)
Direct tax paid	(113,871)
Net cash from operating activities	(3,314,224)
B. Cash flows from investing activities	
Interest received	453,639
Net cash (used in) from investing activities	453,639
C. Cash flow from financing activities	
Intercompany loans	8,075,754
Interest paid	(56,022)
Net cash generated from/(used in) financing activities	8,019,732
Net increase in cash and cash equivalents (A+B+C)	5,159,147
Cash and cash equivalents at the beginning of the period	5,744,755
Cash and cash equivalents at the end of the year	10,903,902
Components of cash and cash equivalents	
Balance with banks in current accounts	10,903,902
	10,903,902

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

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

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

For and on behalf of the Board of
CAPCO (US) LLC

Sd/-
Seethalakshmi M
Partner
Membership No.: 208545
Bengaluru
20 June 2022

Sd/-
Rajan Kohli
Director
New Jersey
20 June 2022

Sd/-
Mohit Bansal
Director
Florida
20 June 2022

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

1 The Company overview

CAPCO (US) LLC is a subsidiary of The Capital Markets Company LLC, incorporated and domiciled in United States. The Company is provider of IT Services, including Business Process Services (BPS) services, globally and IT Products. The functional currency of the Company is USD. CAPCO (US) LLC was acquired by Wipro Limited on 29th April 2021. The Company's ultimate holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India.

2 Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

This special purpose financial statement is prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013. Since, the Company was acquired on April 29, 2021 the comparative financial information is provided only for the period April 29, 2021 to March 31, 2022 for which the Company was subsidiary of Wipro Limited. The comparative financial information have not been presented as the Company was not part of the Wipro Limited Group for the year ended 31 March 2021. As a result, the special purpose financial statements may not be suitable for any other purpose.

The 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)] and other relevant provisions of the Act.

(a) New amended standards and interpretations

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

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

(b) Other amendments to the existing standards

None

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

None

(iii) Basis of measurement

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

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

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

(iv) Use of estimates and judgment

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

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

a) Income taxes: The major tax jurisdictions for the Company is in United Kingdom 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.

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

3 Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in USD, 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, within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Gains/(losses), net, relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as fair value through other comprehensive income are included in other comprehensive income, net of taxes.

(iii) Financial instruments

Non derivative financial instruments consist of:

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

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

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 revenues, cash and cash equivalents 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.

(iv) Equity

b) Retained earnings

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

c) Dividend

A final dividend, including tax thereon, on equity shares is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

(v) 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.

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

(vi) Finance cost and finance income

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.

For both working capital and promissory notes, interest is calculated on principal balance. Interest is also calculated on operational recharges which are outstanding for > 6 months.

For working capital funding balance and operational charges greater than 6 months, a Capco global interest rate will be applied, regardless of currency or location of the loan. Rates are reviewed regularly by group finance to ensure the rate reflects an arms length interest rate.

(vii) 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.

(viii) 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 recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(ix) Earnings per share

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

(x) Cash flow statement

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

CAPCO (US) LLC
Notes to the special purpose financial statements
 (All amounts in USD except otherwise stated)

4 Trade receivables

	As at
	31 March 2022
	<hr/>
Unsecured	
Considered good	
Related parties*	22,924,297
Others	-
Balance having significant increase in credit risk	-
Credit impaired	-
	<hr/>
	22,924,297
Less: allowance for credit impaired	-
	<hr/>
	22,924,297
	<hr/> <hr/>

* Refer related party note no 13

5 Cash and cash equivalents

Balances with bank in current accounts	10,903,902
	<hr/>
	10,903,902
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CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

6 Share capital

	<u>As at</u> <u>31 March 2022</u>
Authorised capital	4,000,000
	<u>4,000,000</u>
Issued, subscribed and paid up capital	4,000,000
	<u>4,000,000</u>

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

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

	<u>As at</u> <u>31 March 2022</u>	
	<u>Number</u>	<u>Amount</u>
Balance at the beginning of the period	-	4,000,000
Add :Issued during the period.	-	-
Balance at the end of the period	<u>-</u>	<u>4,000,000</u>

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

	<u>As at</u> <u>31 March 2022</u> <u>Percentage of</u> <u>shareholding</u>
The Capital Markets Company LLC	<u>100%</u>

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

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CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

	<u>As at</u> <u>31 March 2022</u>
7 Other equity	
Statement of profit and loss account	
Balance at the beginning of the period	1,945,469
Add: Net profit for the period	283,883
Balance at the end of the year	<u>2,229,352</u>
8 Trade payables	
Related parties*	1,246,829
Total	<u>1,246,829</u>
9 Current tax liabilities (net)	
Current tax liabilities (net of advance tax)	514,541
Total	<u>514,541</u>

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CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

10 Other income

	For the period 29 April 2021 to 31 March 2022 ended
Interest income	453,639
Other exchange differences, net	137
	453,776

11 Finance costs

Interest expense	56,022
	56,022

12 Income tax

Income tax expense has been allocated as follows:

Income tax expense

Domestic

Current taxes

	113,871
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Total income taxes

	113,871
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	Period ended 31 March 2022
Profit before tax	397,754
Enacted income tax rate	28%
Computed expected tax expense	111,371
Effect of:	
Tax effect on expenses disallowed for tax computation	2,500
Changes in unrecognised deferred tax asset	-
Total income taxes expenses	113,871

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CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

13 A. Names of related parties and nature of relationship

Nature of relationship	Name of the related party	Country of incorporation
Ultimate Holding Company	Wipro Limited	India
Holding Company	The Capital Markets Company LLC	US
Fellow Subsidiaries	Capco (Canada) LP	Canada
	Capco (UK) 1, Limited	UK
	Capco Consulting Services LLC	US
	The Capital Markets Company BVBA	Belgium
	The Capital Markets Company (UK) Ltd	UK
	Cardinal US Holdings Inc	US
	CAPCO (US) LLC	US
	Cardinal Foreign Holdings S.à r.l.	Luxembourg

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

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

Particulars	Relationship*	Year ended 31 March 2022
Interest income		
The Capital Markets Company LLC	Holding Company	359,104
Capco Consulting Services LLC	Fellow Subsidiaries	93,956
Capco (Canada) LP	Fellow Subsidiaries	271
Capco (UK) 1, Limited	Fellow Subsidiaries	308
Interest expense		
The Capital Markets Company BVBA	Fellow Subsidiaries	4,586
Capco Consulting Services LLC	Fellow Subsidiaries	31,117
The Capital Markets Company LLC	Holding Company	20,315
The Capital Markets Company (UK) Ltd	Fellow Subsidiaries	10
Loan taken		
Cardinal US Holdings Inc	Fellow Subsidiaries	17,761,723
CAPCO (US) LLC	Fellow Subsidiaries	8,075,754
Loan repaid		
Cardinal Foreign Holdings S.à r.l.	Fellow Subsidiaries	17,761,723

C. Closing balance of related parties

Name of the Company	Nature	As on 31 March 2022
Payables:		
Cardinal US Holdings Inc	Fellow Subsidiaries	1,107,128
The Capital Markets Company BVBA	Fellow Subsidiaries	137,191
The Capital Markets Company (UK) Ltd	Fellow Subsidiaries	2,510
Receivables:		
Capco Consulting Services LLC	Fellow Subsidiaries	12,131,159
The Capital Markets Company LLC	Holding company	10,761,928
The Capital Markets Company (UK) Ltd	Fellow Subsidiaries	19,504
Capco (UK) 1, Limited	Fellow Subsidiaries	11,664
Capco (Canada) LP	Fellow Subsidiaries	42
Loan Payables:		
Cardinal US Holdings Inc	Fellow Subsidiaries	17,761,723
CAPCO (US) LLC	Fellow Subsidiaries	8,075,754

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CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

14 Financial instruments measurement and disclosure

a) Financial instruments by category

Particulars	As at 31 March 2022			
	FVTOCI	FVTPL	Amortised cost	Total
Financial assets:				
Trade receivables	-	-	22,924,297	22,924,297
Cash and cash equivalents	-	-	10,903,902	10,903,902
Total	-	-	33,828,199	33,828,199
Financial liabilities:				
Trade payables	-	-	1,246,829	1,246,829
Other financial liabilities	-	-	25,837,477	25,837,477
Total	-	-	27,084,306	27,084,306

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

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

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

15 Financial risk management

Financial risk management

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

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Other financial liabilities	Rolling cash flow forecasts
Market risk -Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

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

A Credit risk

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

Credit risk management

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

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

Expected credit loss for trade receivables under simplified approach

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

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

15 Financial risk management (continued)

B Liquidity risk

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

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

Maturities of financial liabilities

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

31 March 2022	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Beyond 5th year	Total
Non-derivatives	-	-	-	-	-
Trade payables	1,246,829	-	-	-	1,246,829
Other Financial liabilities	25,837,477	-	-	-	25,837,477
Total	27,084,306	-	-	-	27,084,306

C Market Risk

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

D Interest rate risk

The Company has no borrowings as at 31 March, 2022. 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.

E Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from EUR, USD, GBP. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The management evaluates rate exposure arising from these transactions and enters into Foreign currency derivative instruments to mitigate such exposure. The company follows risk management policies, including use of derivatives like foreign currency exchange forward options etc.

CAPCO (US) LLC

Notes to the special purpose financial statements

(All amounts in USD except otherwise stated)

16 Events occurring after the reporting date

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

17 Contingent liabilities and commitments

	As at 31 March 2022
a) Claims against the Company not acknowledge as debts	NIL
b) Bank guarantees	NIL

As per our report of even date

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

For and on behalf of the Board
CAPCO (US) LLC

Sd/-
Seethalakshmi M
Partner
M No.: 208545

Sd/-
Rajan Kohli
Director

Sd/-
Mohit Bansal
Director

Bengaluru
20 June 2022

New Jersey
20 June 2022

Florida
20 June 2022