

**Special Purpose Financial Statements and Independent Auditor's Report**

**Edgile LLC**

**31 March 2022**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Edgile LLC

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

#### **Opinion**

We have audited the accompanying special purpose financial statements of Edgile LLC. ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31<sup>st</sup> March 2022, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter 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 March 31, 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 loss and other comprehensive loss, changes in equity and its cash flows for the year ended 31<sup>st</sup> March 2022.

#### **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.

#### **Basis of Accounting and Restriction of 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.

## **Responsibilities of the Management and Those Charged with Governance for 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 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.

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

Sd/-  
M Seethalakshmi  
Partner  
Membership No. 208545  
UDIN:

Place of Signature: Bangalore  
Date: 20-06-2022

**Edgile LLC****Balance Sheet as at 31 March 2022**

(All amounts in USD except otherwise stated)

Particulars	Notes	As at 31 March 2022
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	4	253,208
<b>Total non-current assets</b>		<b>253,208</b>
<b>Current assets</b>		
Financial assets		
Trade receivables	5	8,381,451
Cash and cash equivalents	6	14,064,260
Contract assets		1,264,426
Other current assets	7	474,637
<b>Total current assets</b>		<b>24,184,774</b>
<b>TOTAL ASSETS</b>		<b>24,437,982</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity</b>		
Equity share capital		-
Other equity	8	17,308,173
<b>Total equity</b>		<b>17,308,173</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities (net)	9	404,699
<b>Total non-current liabilities</b>		<b>404,699</b>
<b>Current liabilities</b>		
Financial liabilities		
Trade payables	10	5,701,092
Other financial liabilities	11	13,001
Contract liabilities		1,011,017
<b>Total current liabilities</b>		<b>6,725,110</b>
<b>TOTAL LIABILITIES</b>		<b>7,129,809</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,437,982</b>
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  
**Edgile LLC**

Sd/-  
**Seethalakshmi M**  
Partner  
Membership No.: 208545

Sd/-  
**Mohit Bansal**  
Manager

Sd/-  
**Rajan Kohli**  
Manager

Bengaluru  
20-Jun-22

US  
20-Jun-22

US  
20-Jun-22

**Edgile 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 1 January 2022 to 31 March 2022
<b>INCOME</b>		
Revenue from operations	12	15,331,023
Other income	13	81,597
<b>Total income</b>		<b>15,412,620</b>
<b>EXPENSES</b>		
Employee benefits expenses	14	13,231,764
Finance costs	15	3,403
Depreciation and amortisation expenses	16	35,851
Sub-contracting / technical fees / third party application		968,061
Travel		146,682
Facility expenses		88,854
Communication		26,456
Legal and professional charges		126,213
Marketing and brand building		387,667
Other expenses	17	248,513
<b>Total expenses</b>		<b>15,263,464</b>
<b>Profit before tax</b>		<b>149,156</b>
<b>Tax expenses</b>		
Current tax		-
Deferred tax		404,699
<b>Total tax expenses</b>		<b>404,699</b>
<b>Profit/ (Loss) for the year</b>		<b>(255,543)</b>
<b>Other comprehensive income (OCI)</b>		
Items that will not be reclassified to profit or loss		-
Items that will be reclassified to profit or loss		-
<b>Total other comprehensive income / (loss) for the year, net of taxes</b>		<b>(255,543)</b>

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  
**Edgile LLC**

Sd/-  
**Seethalakshmi M**  
Partner  
Membership No.: 208545

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**Mohit Bansal**  
Manager

Sd/-  
**Rajan Kohli**  
Manager

Bengaluru  
20-Jun-22

US  
20-Jun-22

US  
20-Jun-22

**Edgile LLC**  
**Statement of Cash Flow for the period ended 31 March 2022**

(All amounts in ₹ except otherwise stated)

	<b>For the period 1 January 2022 to 31 March 2022</b>
<b>A. Cash flow from operating activities</b>	
<b>Profit before tax</b>	149,156
<u>Adjustments for:</u>	
Depreciation and amortisation expenses	35,851
Finance costs on borrowings	3,403
	<u>39,254</u>
Operating profit/(loss) before working capital changes	188,410
<b>Movements in working capital:</b>	
Decrease in trade receivable	2,624,120
Increase in contract assets	(1,264,426)
Decrease in other current assets	174,529
Increase in trade payable	621,032
Decrease in contract liabilities	(426,720)
Increase in provision	13,001
Cash generated in operations	<u>1,741,536</u>
Direct tax paid	-
<b>Net cash from operating activities</b>	<u>1,929,946</u>
 <b>B. Cash flows from investing activities</b>	
Purchase of tangible and intangible assets	(65,870)
<b>Net cash (used in) from investing activities</b>	<u>(65,870)</u>
 <b>C. Cash flow from financing activities</b>	
Interest paid	(3,403)
<b>Net cash generated from/(used in) financing activities</b>	<u>(3,403)</u>
 <b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,860,673</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>12,203,587</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>14,064,260</u>
 Components of cash and cash equivalents	
Balance with banks in current accounts	14,064,260
	<u>14,064,260</u>

The notes referred to above 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  
**Edgile LLC**

Sd/-  
**Seethalakshmi M**  
Partner  
Membership No.: 208545  
Bengaluru  
20-Jun-22

Sd/-                      Sd/-                      Sd/-  
**Mohit Bansal**        **Rajan Kohli**  
Manager                      Manager  
US                              US  
20-Jun-22                      20-Jun-22

## Edgile LLC

### Statement of changes in equity for the period ended 31 March 2022

#### A. Equity share capital

	Balance
As on date of acquisition	-
Changes in equity share capital	-
As at 31 March 2022	-

The company is a registered Limited Liability Corporation under the local regulation. The company is not required to issue share capital as per the local laws. Accordingly, there is no share capital issued. The ownership of the entity was transferred by way of share purchase agreement between the holding company and the previous member. There is also an operative agreement entered which confirms the ownership and the holding company being the sole member

#### B. Other equity

	Other equity		
	Pre Acquisition Reserves	Retained earnings	Total other equity
Balance as on date of acquisition	17,563,716		17,563,716
Profit for the year	-	(255,543)	(255,543)
As at 31 March 2022	17,563,716	(255,543)	17,308,173

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  
**Edgile LLC**

Sd/-  
**Seethalakshmi M**  
Partner  
Membership No.: 208545

Sd/-  
**Mohit Bansal**  
Manager

Sd/-  
**Rajan Kohli**  
Manager

Bengaluru  
20-Jun-22

US  
20-Jun-22

US  
20-Jun-22



## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

#### 1. The Company Overview

Edgile LLC (Edgile or the Company), delivers strategic cybersecurity and risk management services to the Fortune 500. What distinguishes Edgile in this arena is its business-aligned security approach coupled with the deep knowledge of its professionals and the active engagement of its leadership. Edgile offers proven services to help solve complex security challenges across many industries including healthcare, financial services, energy, retail, and more.

The company is domiciled in USA and it was acquired by Wipro IT Services LLC on 31 December 2021.

#### 2. Basis of preparation of Special Purpose Financial Statements

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

These Special Purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013. The Company was acquired on December 31, 2021, the financial information is provided for the period January 1, 2022 to March 31, 2022. The comparative financial information have not been presented as the Company was not part of the Wipro Limited Group for the year ended March 31, 2021

The Special Purpose financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

The Special Purpose financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable. 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 Special Purpose financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statement of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

##### (ii) Consolidation

These Special Purpose financial statements represent the separate financial statements of the Company. The Ministry of Corporate Affairs (MCA) through its circular dated 27 July 2016 has exempted a company from preparing and filing of consolidated financial statements if its ultimate or intermediate holding company is filing consolidated financial statements. Further Sub - Para (iv) to Para 4 of Ind AS 110 - Consolidated Financial Statements exempts a company from consolidation if its ultimate parent produces Ind AS complied consolidated financial statement, which are available for public use. In view of above exemptions, the Company is not required to file the consolidated financial statements. The Company has complied with Ind AS 27: Separate financial statements whereby investments in subsidiaries, joint ventures and associates are to be valued either

- at cost; or
- in accordance with Ind AS 109.

The Company has elected to measure its investment in subsidiaries and associates at cost determined in accordance with Ind AS 27 at original cost of investment in subsidiaries and associates.

##### (iii) Basis of measurement

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

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

c) The defined benefit asset / (liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

#### (iv) Use of estimates and judgment

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

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

a) **Revenue recognition:** The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the Company uses expected cost plus margin approach in estimating the stand-alone selling price

The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognised revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer. Revenue is recognized on net basis in scenario where the company is not the primary obligor.

b) **Income taxes:** The major tax jurisdictions for the Company is in United States of America. 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.

c) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

d) **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.

e) **Useful lives of property, plant and equipment:** The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

#### 3. Significant accounting policies

##### (i) Functional and presentation currency

These Special Purpose financial statements are presented in 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

###### a) Non-derivative 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.

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

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

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

##### a) **Share capital and share premium**

The company does not have share capital

##### b) **Retained earnings**

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

##### c) **Other reserves**

Changes in the fair value of financial instruments measured at fair value through other comprehensive income, other than impairment loss, and actuarial gains and losses on defined benefit plans is recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

#### (v) Property, plant and equipment

##### a) **Recognition and measurement**

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

##### b) **Depreciation**

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

<b>Category</b>	<b>Useful life</b>
Buildings	Useful life or lease term whichever is lower
Computer equipment and software	2 to 7 years
Furniture, fixtures and equipment	3 to 10 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

#### (vi) Leases

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

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

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

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

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

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

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

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

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss. Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

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

In certain arrangements, the Company recognises revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognises unearned income as finance income over the lease term using the effective interest method.

#### (vii) Impairment

##### A) Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

##### B) Non - financial assets

The Company assesses long-lived assets such as property, plant and equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

#### (viii) Employee benefits

##### a) Termination benefits

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

##### b) Short-term benefits

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

##### c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

#### (ix) Provisions

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

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

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

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

#### (x) Revenue

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

##### a) Services

The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

##### A. Time and materials contracts

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

##### B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognised using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognised only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period. ‘Unearned revenues’ represent billing in excess of revenue recognised. Advance payments received from customers for which no services have been rendered are presented as ‘Advance from customers’.

##### C. Maintenance contracts

Revenue from maintenance contracts is recognised ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

repetitive acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion.

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

#### b) Products

Revenue from products are recognised when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### A. Contract Asset and Liabilities

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

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. We present such receivables as part of Trade receivables at their net estimated realizable value.

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

#### B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods.

#### C. Disaggregation of Revenues

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

Particulars	Amount in USD
<b>Revenue</b>	
Sale of services	15,331,023
<b>Revenue by nature of contract</b>	
Fixed Price and Volume Based	7,428,115
Time and Material	7,902,908

#### (xi) Finance cost

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



## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

#### (xii) Other income

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

#### (xiii) Income tax

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

##### a) Current income tax

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

##### b) Deferred income tax

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## Edgile LLC

### Notes to the special purpose financial statements (Amount in USD, unless otherwise stated)

#### (xiv) Earnings per share

The company does not have share capital, hence the reporting of Earnings per share is not applicable to the company

#### (xv) Cash flow statement

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

#### 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 Special Purpose financial statements for the current year.

#### Other amendments to the existing standards

None

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

None

**Edgile LLC****Notes to the special purpose financial statements for the year ended 31 March 2022**

(All amounts in USD except otherwise stated)

**4 Property, plant and equipment**

Particulars	Plant and		Furniture and fixtures	Total	
	Land	Buildings equipment			
<b>Gross block</b>					
Balance as at 01 Jan 2022	-	-	846,928	-	846,928
Additions	-	-	65,870	-	65,870
Deletions	-	-	-358,854	-	-358,854
Balance as at 31 March 2022	-	-	553,944	-	553,944
<b>Accumulated depreciation</b>					
Balance as at 01 Jan 2022	-	-	623,735	-	623,735
Depreciation charge for the year	-	-	35,851	-	35,851
Disposals	-	-	358,849	-	358,849
Balance as at 31 March 2022	-	-	300,736	-	300,736
<b>Net block</b>					
Balance as at 31 March 2022	-	-	253,208	-	253,208

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## Edgile LLC

### Notes to the special purpose financial statements for the year ended 31 March 2022

(All amounts in USD except otherwise stated)

#### 5 Trade receivables

	As at 31 March 2022
<b>Unsecured</b>	
Considered good	
Intercompany*	17,214
Others	8,364,237
	<b>8,381,451</b>
Less: allowance for credit impaired	-
	<b>8,381,451</b>

\* Refer related party note no 19

#### 6 Cash and cash equivalents

	As at 31 March 2022
Balances with bank in current accounts	14,064,260
	<b>14,064,260</b>

#### 7 Other current assets

	As at 31 March 2022
<b>Current</b>	
Prepaid expenses	446,627
Others	28,010
	<b>474,637</b>

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## Edgile LLC

### Notes to the special purpose financial statements for the year ended 31 March 2022

(All amounts in USD except otherwise stated)

	<u>As at</u> <u>31 March 2022</u>
<b>8 Other equity</b>	
a) Statement of profit and loss account	
Balance at the time of acquisition	17,563,716
Add: Net profit/(loss) for the period	(255,543)
Balance at the end of the period	<u>17,308,173</u>
b) Securities premium	-
<b>Total (a+b)</b>	<u><u>17,308,173</u></u>

#### **Nature and purpose of reserves:**

**Securities premium:** The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium

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

	<u>As at</u> <u>31 March 2022</u>
<b>9 Deferred Tax Liability (net)</b>	
Other permanent differences	404,699
	<u>404,699</u>

	<u>As at</u> <u>31 March 2022</u>
<b>10 Trade payables</b>	
Vendor payables	2,903,411
Intercompany payables	652,219
Accrued expenses and others	2,145,462
<b>Total</b>	<u>5,701,092</u>

	<u>As at</u> <u>31 March 2022</u>
<b>11 Other financial liabilities</b>	
<b>Current</b>	
Statutory dues	13,001
<b>Total</b>	<u>13,001</u>

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**Edgile LLC****Notes to the special purpose financial statements for the year ended 31 March 2022**

(All amounts in USD except otherwise stated)

**12 Revenue from operations**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Sale of services	15,331,023
Sale of products	
	<b>15,331,023</b>
Revenue by type of contract	
Fixed price and volume based	7,902,908
Time and materials	7,428,115
Products	-
	<b>15,331,023</b>

**A. Contract assets and liabilities**

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

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

**B. Remaining Performance Obligations**

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

**C. Disaggregation of Revenue**

The Company believes that the above disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

**13 Other income**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Other exchange differences, net	81,597
	<b>81,597</b>

**14 Employee benefits expenses**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Salaries and bonus	13,231,764
	<b>13,231,764</b>

**15 Finance costs**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Interest expense	3,403
	<b>3,403</b>

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**Edgile LLC****Notes to the special purpose financial statements for the year ended 31 March 2022**

(All amounts in USD except otherwise stated)

**16 Depreciation and amortisation expenses**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Depreciation on tangible assets	35851
	<b>35,851</b>

**17 Other expenses**

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Rent	5,079
Rates, taxes and insurance	41,083
Recruitment cost	8,065
Membership and Subscription fees	177,368
Printing and stationery	42
Administration expenses	3,919
Training & Development	12,957
	<b>248,513</b>

**18 Income tax**

Income tax expense has been allocated as follows:

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Income tax expense	
<b>Domestic</b>	
Current taxes	-
Deferred taxes	404,699
<b>Total income taxes</b>	<b>404,699</b>

	<b>For the period</b>
	<b>1 January 2022 to 31 March 2022</b>
Profit before tax	149,156
Enacted income tax rate	28%
Computed expected tax expense	41,764
Add:	
Tax effect on expenses disallowed for tax computation	190,389
Changes in unrecognised deferred tax asset	172,546
<b>Total income taxes expenses</b>	<b>404,699</b>

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**Edgile LLC****Notes to the special purpose financial statements for the year ended 31 March 2022**

(All amounts in USD except otherwise stated)

**19 A. Names of related parties and nature of relationship**

<b>Nature of relationship</b>	<b>Name of the related party</b>	<b>Country of incorporation</b>
Ultimate Holding Company	Wipro Limited	India
Holding Company	Wipro IT Services LLC	India

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

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

<b>Particulars</b>	<b>Relationship*</b>	<b>Period ended 31 March 2022</b>
<b>Sales and services</b>		
Wipro Ltd.	Ultimate Holding Company	17,214

**C. Closing balance of related parties**

<b>Name of the Company</b>	<b>Nature</b>	<b>As on 31 March 2022</b>
<b>Payables:</b>		
Wipro Ltd.	Other Payables	652,219
<b>Receivables:</b>		
Wipro Ltd.	Trade Receivables	17,214

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Edgile LLC

Notes to the special purpose financial statements for the year ended 31 March 2022

(All amounts in USD except otherwise stated)

20 Financial instruments measurement and disclosure

a) Financial instruments by category

As at 31 March 2022				
Particulars	FVTOCI	FVTPL	Amortised cost	Total
<b>Financial assets:</b>				
Trade receivables	-	-	8,381,451	8,381,451
Cash and cash equivalents	-	-	14,064,260	14,064,260
<b>Total</b>	<b>-</b>	<b>-</b>	<b>22,445,711</b>	<b>22,445,711</b>
<b>Financial liabilities:</b>				
Trade payables	-	-	5,701,092	5,701,092
Other financial liabilities	-	-	13,001	13,001
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,714,093</b>	<b>5,714,093</b>

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.

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**21 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	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk -Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

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

**Concentration Risk**

The table below provides the details of the customer having balance of more than 10% of the total Account receivable of the entity as of 31 March 2022

Customer	Period ended 31 March 2022	
	AR Balance	% of total AR balance
Caterpillar Inc.	1,471,554	15.1%

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## Edgile LLC

### Notes to the special purpose financial statements for the year ended 31 March 2022

(All amounts in USD except otherwise stated)

#### 21 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
<b>Non-derivatives</b>					
Trade payables	5,701,092				5,701,092
Other Financial liabilities	13,001				13,001
<b>Total</b>	<b>5,714,093</b>				<b>5,714,093</b>

##### 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, CAD, 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.

#### 22 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The structure is managed to maintain an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by Equity. Net debt is calculated as total borrowings (including 'current and non-current term loans' as shown in the balance sheet) less cash and cash equivalents and current investments.

	As at 31 March 2022
Non current borrowings	-
Short term borrowings	-
	-
Less: cash and cash equivalents	14,064,260
Less: bank balances other than cash and cash equivalents	
Net debts	(14,064,260)
Total equity	-
Gearing ratio	Nil

**Note:** As no term loans availed in the previous year, comparative period figures are not applicable.

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## Edgile LLC

### Notes to the special purpose financial statements for the year ended 31 March 2022

(All amounts in USD except otherwise stated)

#### 23 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.

#### 24 Contingent liabilities and commitments

The company does not have any material commitments or contingencies as at 31 March 2022

#### 25 Restricted Stock Units

The Company has adopted the restricted stock unit's plan of Wipro Limited, the ultimate holding company. Under the plan, the employees of the company can be granted shares and other stocks/cash awards, in accordance with the terms and conditions as specified in the plan. The plan is assessed, managed and administered by the ultimate holding company, the Wipro Limited whose shares have been granted to the employees. The amount recognized as expenditure in current financial year is USD 652,219.

#### 26 Earnings per share

The company does not have share capital, hence the reporting of Earnings per share is not applicable to the company

#### 27 Segment reporting

The company operates in one business segment, namely sale of software services. In line with the IND-AS 108, as the relevant information is available from balance sheet and the statement of profit and loss itself, and keeping in view the objective of segment reporting, the company is not required to disclose segment information as per IND-AS 108

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As per our report of even date

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

Sd/-  
**Seethalakshmi M**  
Partner  
M No.: 208545

Bengaluru  
20-Jun-22

For and on behalf of the Board  
**Edgile LLC**

Sd/-  
**Mohit Bansal**  
Manager

US  
20-Jun-22

Sd/-  
**Rajan Kohli**  
Director

US  
20-Jun-22