

WIPRO TECHNOLOGY CHILE SPA

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
MARCH 31, 2015**

WIPRO TECHNOLOGY CHILE SPA
BALANCE SHEET AS AT MARCH 31,2015

(Amount in ₹ except share and per share data, unless otherwise stated)

	Notes	As at March 31, 2015	As at March 31, 2014
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	104,058	104,058
Reserves and surplus	4	(78,942,830)	(41,430,955)
		(78,838,772)	(41,326,898)
Share application money pending allotment	3	9,762,189	9,762,189
Non-current liabilities			
Long term provisions	5	1,195,530	643,992
		1,195,530	643,992
Current liabilities			
Short term borrowings	6	87,823,239	72,632,072
Trade payables	7	5,321,354	321,287
Other current liabilities	8	14,043,717	728,191
Short term provisions	9	864,993	685,688
		108,053,303	74,367,237
TOTAL EQUITY AND LIABILITIES		40,172,250	43,446,520
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	10	1,778,763	207,313
Long term loans and advances	11	-	-
		1,778,763	207,313
Current assets			
Trade receivables	11	22,931,412	14,372,282
Cash and bank balances	12	9,427,214	16,585,785
Short term loans and advances	13	6,034,862	5,690,070
Other current assets	14	-	6,461,377
		38,393,488	43,109,515
TOTAL ASSETS		40,172,251	43,316,827

The accompanying notes form an integral part of the Balance Sheet

As per our report of even date attached

for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

For and on behalf of the Board of Directors

sdl/-
D.Prasanna Kumar
Proprietor

sdl/-
Director
MUKESH LODHA

Director

Membership No. 211367

WIPRO TECHNOLOGY CHILE SPA
STATEMENT OF PROFIT AND LOSS ACCOUNT
(Amount in ₹ except share and per share data, unless otherwise stated)

	Notes	Year ended March 31,	
		2015	2014
REVENUE			
Revenue from operations	15	76,631,915	29,261,421
Other income	16	93,170	-
Total Revenue		76,725,085	29,261,421
EXPENSES			
Employee benefits expense	17	58,065,996	43,527,126
Finance costs	18	3,346,462	(1,328,257)
Depreciation and amortisation expense	10	1,019,710	210,280
Other expenses	19	56,568,938	29,307,020
Total Expenses		119,001,106	71,716,168
Profit before tax		(42,276,020)	(42,454,747)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Net Profit		(42,276,020)	(42,454,747)
Earnings per equity share			
(Equity shares of par value CLP 1 each)			
Basic		(42,276)	(42,455)
Diluted		(451)	(453)

The accompanying notes form an integral part of Profit and Loss statement.

As per our report of even date attached

for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

For and on behalf of the Board of Directors

sd/-
D.Prasanna Kumar
Proprietor
 Membership No. 211367

sd/-
Director
 MUKESH LODHA

Director

WIPRO TECHNOLOGY CHILE SPA
CASH FLOW STATEMENT FOR THE YEAR MARCH 31,2015
(Amount in ₹ except share and per share data, unless otherwise stated)

	Period ended March 31, 2015	Year ended March 31, 2014
A. Cash flows from operating activities:		
Profit / (Loss) before tax	(42,276,020)	(42,454,747)
<i>Adjustments:</i>		
Depreciation and amortization	1,019,710	210,280
Unrealised exchange differences - net	4,860,601	3,068,627
<i>Working capital changes :</i>		
Trade and other receivable	(8,559,130)	(15,060,080)
Loans and advances	7,184,038	(2,993,310)
Provisions and Other Current Liabilities	13,510,906	40,840,248
Trade and other payables	5,665,225	240,845
Net cash generated from operations	(18,594,671)	(16,148,138)
Direct taxes refund / paid	-	-
Net cash generated by operating activities	(18,594,671)	(16,148,138)
B. Cash flows from investing activities:		
Acquisition of fixed assets	(3,807,561)	(251,348.23)
Proceeds from sale of fixed assets	52,494	
Net cash generated by / (used in) investing activities	(3,755,067)	(251,348)
C. Cash flows from financing activities:		
Proceeds from borrowings	15,191,167	-
Received towards security premium	-	27,548,371
Net cash generated by / (used in) financing activities	15,191,167	27,548,371
Net (decrease) / increase in cash and cash equivalents during the period	(7,158,571)	11,148,884
Cash and cash equivalents at the beginning of the period	16,585,785	5,436,901
Cash and cash equivalents at the end of the period [Note 13]	9,427,214	16,585,785

As per our report attached
for **D.Prasanna & Co.**
Chartered Accountants
Firm Registration number : 009619S

scl/-

D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

scl/-

Director **Director**
MUNKESH LODHI

WIPRO TECHNOLOGY CHILE SPA

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹ except share and per share data, unless otherwise stated)

1. Company overview

Wipro Technology Chile SPA is a subsidiary of Wipro Information Technology Netherlands BV. The Company is set to serve the customers in Chile and US as a near shore development center.

The functional currency of the Company is CLP and the reporting currency for these financial statements is INR. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of Indian Companies Act, 2013

2. Significant accounting policies

i. Basis of preparation of financial statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of Act (to the extent notified and applicable), Accounting Standards ('AS') issued by Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India.

ii. Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future year affected.

iii. Revenue recognition

Services:

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

A. Time and material contracts

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

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognized 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. When total cost estimated exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. 'Unearned revenues' included in other current liabilities represent billing in excess of revenue recognized.

Revenue from customer training, support and other services is recognized as the related services are performed.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license.

C. Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized 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 services or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to actual output achieved till date as a percentage of total contractual output. Any residual services utilized by the customer are recognized as revenue on completion of the terms.

Products:

Revenue from sale of products is recognized when the significant risks and rewards of ownership has been transferred in accordance with the sale contract. Revenue from product sales is shown gross of excise duty and net of sales tax separately charged and applicable discounts.

Other income

Agency commission is accrued when shipment of consignment is dispatched by the principal.

Interest is recognized using the time proportion method, based on the rates implicit in the transaction.

Dividend income is recognized when the company's right to receive dividend is established.

iv. Fixed Assets and Depreciation

The Company has provided for depreciation using straight line method over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013 except in the case of following assets which are depreciated based on useful lives estimated by the Management:

Class of asset	Estimated useful life
Buildings	30 – 60 years
Computer including telecom equipment and software (included under plant and machinery)	2 – 7 years
Furniture and fixtures	5 – 6 years
Electrical installations (included under plant and machinery)	5 years
Vehicles	4 years

Freehold land is not depreciated.

Assets under finance lease are amortized over their estimated useful life or the lease term, whichever is lower.

For these class of assets, based on internal technical assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

v. Leases

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

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease rentals in respect of assets taken under operating leases are charged to statement of profit and loss on a straight line basis over the lease term.

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

vi. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction.

Foreign currency transaction

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Translation of financial statements

The Company is a foreign subsidiary of Wipro Limited and has been treated as a non-integral operating unit for translation. For the purpose of accounts during the period, all income and expenses items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate on the balance sheet date. The equity share capital, reserves and investment in subsidiaries are carried forward at the rate of exchange prevailing on the transaction date. All resulting exchange difference arising out of year-end conversion has been transferred to Translation Reserve in Reserve and Surplus.

vii. Income tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/ substantial enactment date.

Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

viii. Earnings per share

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

ix. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

x. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to the Financial Statements

	As at March31, 2,015	As at March 31, 2,014
Note 3 Share Capital		
(i) The details of share capital are given below:-		
Authorised capital		
243255 (2013: 94,815) Common stock of CLP 1,000 each	9,866,247	9,866,247
	9,866,247	9,866,247
Issued, subscribed and fully paid-up capital		
1,000 (2013: 1,000) Common stock of CLP 1,000 each	104,058	104,058
	104,058	104,058
(ii) Share application money pending allotment		
93,815 (2013: 93,815) Common stock of CLP 1,000 each	9,762,189	9,762,189
	9,762,189	9,762,189
(iii) The following is the reconciliation of number of shares as at March 31, 2015.		
Number of common stock outstanding as at beginning of the year	1,000	1,000
Number of common stock issued during the year	-	-
Number of common stock outstanding as at the end of the year	1,000	1,000
(iv) Details of shareholding pattern by related parties		

Particulars	As at March31,		As at March 31,	
	2015		2014	
Name of shareholders	No. of Shares	% of holdings	No. of Shares	% of holdings
Wipro Information Technology Netherlands BV	1,000	100%	1,000	100%
Total	1,000	100%	1,000	100%

Terms & Rights

The Company has only one class of equity shares having a par value of CLP 1,000 each. Each holder of equity shares is entitled to one vote per share.

Note 4 Reserves and Surplus**Securities premium account**Balance brought forward from previous year
Movement during the year

	As at March 31, 2,015	As at March 31, 2,014
	27,548,371	-
	-	27,548,371
	<u>27,548,371</u>	<u>27,548,371</u>

Translation reserveBalance brought forward from previous year
Movement during the period

	3,472,834	416,584
	4,764,147	3,056,250
	<u>8,236,981</u>	<u>3,472,834</u>

Surplus from statement of profit and lossBalance brought forward from previous year
Add: Profit for the year
Closing balance

	(72,452,161)	(29,997,413)
	<u>(42,276,020)</u>	<u>(42,454,747)</u>
	<u>(114,728,181)</u>	<u>(72,452,161)</u>

Summary of reserves and surplusBalance brought forward from previous year
Movement during the year

	(41,430,955)	(29,580,829)
	<u>(37,511,873)</u>	<u>(11,850,127)</u>
	<u>(78,942,830)</u>	<u>(41,430,955)</u>

Note 5 Long term Provisions

Employee benefit obligation

	1,195,530	643,992
	<u>1,195,530</u>	<u>643,992</u>

Note 6 Short term borrowings**Unsecured:**

Loan from group Companies

	87,823,239	72,632,072
	<u>87,823,239</u>	<u>72,632,072</u>

Note 7 Trade payables

Accrued expenses

	5,321,354	191,594
	<u>5,321,354</u>	<u>321,287</u>

Note 8 Other current liabilitiesSalary Payable
Unearned revenue
TDS payable - salaries
Balances due to related parties

	407,808	357,139
	3,904,849	-
	300,078	241,358
	9,430,982	129,693
	<u>14,043,717</u>	<u>728,191</u>

Note 9 Short term provisions

Employee benefit obligations

	864,993	685,688
	<u>864,993</u>	<u>685,688</u>

Note 11 Trade Receivable**Over six months from the date they were due for payment**

Considered good	1,599,241	-
Considered doubtful	286,170	-
	<u>1,885,410</u>	-
Less: Provision for doubtful receivables	(286,170)	-
	<u>1,599,241</u>	-

Other receivables

Considered good	21,332,171	14,372,282
	<u>21,332,171</u>	<u>14,372,282</u>
Less: Provision for doubtful receivables	-	-
	<u>21,332,171</u>	<u>14,372,282</u>
	<u>22,931,412</u>	<u>14,372,282</u>

* Inclusive of Related Party receivables given in Note 20

Note 12 Cash and bank balances**Cash and cash equivalents**

Balances with banks		
In current accounts	9,427,214	16,585,785
	<u>9,427,214</u>	<u>16,585,785</u>

Note 13 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

Employee travel & other advances	1,287,660	803,656
Prepaid expenses	1,353,461	587,060
Security deposits	178,287	3,089,753
Input VAT receivable	1,668,142	1,209,600
Others	1,547,312	-
	<u>6,034,862</u>	<u>5,690,070</u>
	<u>6,034,862</u>	<u>5,690,070</u>

Note 14 Other current assets**Unsecured and considered good:**

Unbilled revenue	-	6,461,377
	<u>-</u>	<u>6,461,377</u>