

WIPRO EUROPE SARL
(Formerly Science Applications International, Europe SARL)
BALANCE SHEET
(in ₹, except share and per share data, unless otherwise stated)

	Notes	31-Mar 2015	31-Jan 2014
<u>EQUITY AND LIABILITIES</u>			
Shareholder's funds			
Share Capital	3	9,795,395	9,795,395
Reserves and Surplus	4	25,248,053	84,044,454
		<u>35,043,448</u>	<u>93,839,849</u>
Non- current liabilities			
Long-term Provisions	5	3,221,265	4,068,987
		<u>3,221,265</u>	<u>4,068,987</u>
Current Liabilities			
Short term borrowings	6	-	204,905
Trade payables	7	60,095,953	65,575,548
Other current liabilities	8	10,685,375	2,714,992
Short term provisions	9	624,800	9,532,229
		<u>71,406,128</u>	<u>78,027,674</u>
TOTAL EQUITY AND LIABILITIES		<u>109,670,841</u>	<u>175,936,510</u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	10	60,343	-
		<u>60,343</u>	<u>-</u>
Current assets			
Trade receivables	11	50,503,975	45,945,885
Cash and Cash equivalents	12	-	2,596,326
Short-term loans and advances	13	74,572	1,112,661
Other current assets	14	59,031,951	126,281,638
		<u>109,610,498</u>	<u>175,936,510</u>
TOTAL ASSETS		<u>109,670,841</u>	<u>175,936,510</u>

The Notes referred to above form an integral part of the Balance Sheet

As per our report attached

for **Appaji & Co.**

Chartered Accountants

Firm Registration number :014147S

For and on behalf of the Board of Directors

sd/-

CA.K .Appaji

Proprietor

Membership No. 214156

Bangalore

sd/-

Director

sd/-

Director

WIPRO EUROPE SARL
(Formerly Science Applications International, Europe SARL)
STATEMENT OF PROFIT & LOSS
(in ₹, except share and per share data, unless otherwise stated)

	Notes	31-Mar 2015	31-Jan 2014
REVENUE			
Revenue from operations	15	78,236,678	109,125,138
Other Income	16	497,557	659,658
Total Revenue		78,734,235	109,784,796
EXPENSES			
Employee benefits expense	17	108,357,871	109,959,597
Finance Costs	18	-	192,864
Other expense	19	15,767,174	9,773,556
Total Expense		124,125,045	119,926,017
Profit/(Loss) before tax		(45,390,810)	(10,141,221)
Tax expense (including deferred tax)		-	4,495,822
Net Profit		(45,390,810)	(14,637,043)
Earnings per equity share	20		
(Equity shares of par value EUR 1 each)			
Basic		(298)	(96)
Diluted		(298)	(96)

The Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report attached
for **Appaji & Co.**
Chartered Accountants
Firm Registration number :014147S

For and on behalf of the Board of Directors

sd/-
CA.K .Appaji
Proprietor
Membership No. 214156
Bangalore

sd/- sd/-
Director Director

WIPRO EUROPE SARL
(Formerly Science Applications International, Europe SARL)

CASHFLOW STATEMENT

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

	For the year ended March 31, 2015	For the year ended January 31, 2014
A. Cash flows from operating activities:		
Profit before tax	(45,390,810)	(14,637,043)
<i>Adjustments:</i>		
Unrealised exchange differences - net	(13,405,591)	524,602
Interest - net	-	57,808
<i>Working capital changes :</i>		
Trade receivables	(4,558,090)	68,836,205
Loans and advances	68,287,776	(122,788,263)
Current liabilities & provisions	1,438,161	(13,298,285)
Net cash generated from operations	6,371,446	(81,304,976)
Direct taxes paid	(8,907,429)	5,493,531
Net cash generated from operating activities	(2,535,983)	(75,811,445)
B. Cash flows from investing activities:		
Payment for fixed assets (including capital advances),net	(60,343)	-
Interest Income, net	-	(57,808)
Net cash generated from investing activities	(60,343)	(57,808)
Net increase in cash and cash equivalents during the year	(2,596,326)	(75,869,253)
Cash and cash equivalents at the beginning of the year	2,596,326	78,465,579
Cash and cash equivalents at the end of the year	-	2,596,326

As per our report attached

for Appaji & Co.
Chartered Accountants
Firm Registration number :014147S

sd/-
CA.K.Appaji
Proprietor
Membership No. 214156
Bangalore

For and on behalf of the Board of Directors

sd/-
Director

sd/-
Director

WIPRO EUROPE SARL
(Formerly Science Application International, Europe SARL)
NOTES TO THE FINANCIAL STATEMENTS
(in ₹, except share and per share data, unless otherwise stated)

1. Company overview

Wipro Europe SARL (“**Wipro Europe SARL**” or “**Company**”) is a fully owned subsidiary of Wipro Europe Limited. Wipro Limited is the ultimate holding company. Wipro is a leading India based provider of IT Services, including Business Process Outsourcing (BPO) services, globally. The functional currency of the Company is Euro (€) and reporting currency for this financial statement is Rupee (₹). 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 in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognised in the period in which the estimates are revised and in any future period affected.

iii. Fixed assets, intangible assets and work-in-progress

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

iv. Provisions and contingent liabilities

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

The Company recognizes provision for onerous contracts based on the estimate of excess of unavoidable costs of meeting obligations under the contracts over the expected economic benefits.

v. 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 is 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.

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. Taxes

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognised 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 recognised in the period that includes the enactment/ substantial enactment date

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

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 earning 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

3 Share Capital

(i) The details of share capital are given below

	31-Mar	31-Jan
	2015	2014
Authorised Capital		
[152,449 (2014: 152,449) equity shares of EUR 1 each]	152,449	152,449
Issued, subscribed and paid-up capital		
152,449 (2014: 152,449) equity shares of EUR 1 each [Refer note (ii) below]	9,795,395	9,795,395
(Of the above 152,449 (2014: 1,000) equity shares of EUR 1 each are held by Wipro Europe Ltd, the holding company)		
	9,795,395	9,795,395

(ii) The following is the reconciliation of number of shares as at March 31, 2015

	31-Mar	31-Jan
	2015	2014
Opening number of equity shares	152,449	152,449
Equity shares issued	-	-
Closing number of equity shares / ADRs outstanding	152,449	152,449

(iii) Details of shareholding more than 5% shares of the Company

	31-Mar	31-Jan
	2015	2014
Equity shares		
Shares held by holding company (100% of the shares)	152,449	152,449
	152,449	152,449

4 Reserves and Surplus:

	31-Mar	31-Jan
	2015	2014
Transalation Reserve		
As at the beginning of the year	24,390,539	8,811,535
Movements during the year	(13,405,591)	15,579,004
	10,984,948	24,390,539
Surplus from statement of profit and loss		
Balance brought forward from previous year	59,653,915	74,290,958
Add: Profit for the year	(45,390,810)	(14,637,043)
	14,263,105	59,653,915
Summary of reserves and surplus		
Balance brought forward from previous year	84,044,454	83,102,493
Movement during the year	(58,796,401)	941,961
	25,248,053	84,044,454

4 (a) Additions to General Reserve include:

Particulars	31-Mar	31-Jan
	2015	2014
Transfer from Statement of Profit and Loss	(45,390,810)	(14,637,043)
	(45,390,810)	(14,637,043)

5. Long term provisions

	31-Mar	31-Jan
	2015	2014
Provision for leave	3,221,265	4,068,987
	3,221,265	4,068,987

6. Short term borrowings

	31-Mar	31-Jan
	2015	2014
From Fellow Subsidiaries	-	204,905
	-	204,905

7. Trade payables

	31-Mar	31-Jan
	2015	2014
Sundry creditors	66,245	29,477,731
Sundry creditors – Payble to fellow subsidiaries	60,029,708	36,097,817
	60,095,953	65,575,548

8. Other current liabilities

	31-Mar	31-Jan
	2015	2014
In current accounts	13,549	-
Statutory liabilities	1,607,183	-
Other liabilities	2,597,002	-
Salaries payable	4,318,283	-
Bonus payable	2,149,358	2,714,992
	10,685,375	2,714,992

9. Short term provisions

	31-Mar	31-Jan
	2015	2014
Provision for tax less advance tax	624,800	9,532,229
	624,800	9,532,229

10. Fixed Assets

Particular	GROSS BLOCK					ACCUMULATED DEPRECIATION				NET BLOCK	
	As of February 1, 2014 #	Additions	Deduction/Adjustment	Effect of Translation	As of March 31, 2015	As of February 1, 2014	Depreciation for the period	Effect of Translation	As of March 31, 2015	As of March 31, 2015	As of January 31, 2014
Tangible fixed assets **											
Plant & Machinery	-	60,343	-	-	60,343	-	-	-	-	60,343	-
	-	60,343	-	-	60,343	-	-	-	-	60,343	-

11. Trade Receivables (Unsecured)

	31-Mar	31-Jan
	2015	2014
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	-	-
Considered doubtful	-	-
Other debts		
Considered good	50,503,975	45,945,885
(Receivables from fellow subsidiaries)		
Considered doubtful	-	-
	50,503,975	45,945,885
Less: Provision for doubtful debts	-	-
	50,503,975	45,945,885

12. Cash and bank balances

	31-Mar	31-Jan
	2015	2014
Balances with Banks		
- In current accounts	-	2,596,326
	-	2,596,326

13. Short term loans and advances

(Unsecured, considered good unless otherwise stated)

	31-Mar	31-Jan
	2015	2014
Prepaid expenses	74,572	94,197
Deposits	-	1,018,464
	74,572	1,112,661

14. Other current assets

	31-Mar	31-Jan
	2015	2014
Receivables from fellow subsidiaries	58,634,138	102,226,334
Other asset	397,813	24,055,304
	59,031,951	126,281,638

15. Revenue from operations

	31-Mar	31-Jan
	2015	2014
Sale of services	78,236,678	109,125,138
	78,236,678	109,125,138

16. Other income

	31-Mar	31-Jan
	2015	2014
Interest income	283,686	135,056
Other exchange differences, net	-	524,602
Miscellaneous income	213,871	-
	497,557	659,658

17. Employee benefits expense

	31-Mar	31-Jan
	2015	2014
Salaries and wages	108,119,302	109,336,141
Staff welfare expenses	238,569	623,456
	108,357,871	109,959,596

18. Finance costs

	31-Mar	31-Jan
	2015	2014
Interest on loans from fellow subsidiaries	-	192,864
	-	192,864

19. Other expenses

	31-Mar	31-Jan
	2015	2014
Sub contracting / technical fees / third party application	-	507,155
Travel	2,719,123	2,521,011
Legal and professional charges	3,359,084	1,920,766
Other Exchange Difference net	7,674,335	
Rent	-	3,926,515
Communication	423,918	
As auditor	-	11,030
Bank Charges	120,379	91,816
Miscellaneous expenses	1,470,335	795,263
	15,767,174	9,773,557

20. Earnings per share

	31-Mar	31-Jan
	2015	2014
Weighted average shares outstanding	152,449	152,449
Net Income considered for computing basic EPS	(45,390,810)	(14,637,043)
Earnings per equity share		
Basic	(298)	(96)
Diluted	(298)	(96)

21. Related party relationships

Name of the entity	Relationship
Wipro Europe Limited	Holding Company
Wipro Limited	Ultimate Holding Company
Wipro UK Limited	Fellow Subsidiary
Wipro Cyprus Limited	Fellow Subsidiary

Details of the transactions/balances with related parties:

Nature of the transaction	Amount
<u>Sales of services</u>	
Wipro Limited	22,037,928
Wipro UK Limited	56,198,750
<u>Outstanding Balances as on 31-Mar-15</u>	
Receivable from Wipro Limited	14,648,605
Payable to Wipro UK Limited	(58,543,597)
Receivable from Wipro Cyprus Limited	93,003,397

21. The Company is a foreign company and is not governed by the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Hence, the disclosures under the Act are not applicable to the Company.

22. The Company neither has more than one business segment nor more than one geographic segment; hence segment reporting is not required to be disclosed.

As per our report attached
for **Appaji & Co.**
Chartered Accountants
Firm Registration number :014147S

For and on behalf of the Board of Directors

sd/-
CA.K .Appaji
Proprietor
Membership No. 214156
Bangalore

sd/-
Director

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Director