



WIPRO JAPAN KK

FINANCIAL STATEMENTS

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

WIPRO JAPAN KK**BALANCE SHEET****(Amount in ₹ except share and per share data, unless otherwise stated)****As at March 31, 2015** **As at March 31, 2014****I. EQUITY AND LIABILITIES****1. Shareholders' funds**

Share capital	3	758,675,735	758,675,735
Reserves and surplus	4	(642,079,866)	(614,919,607)
		116,595,869	143,756,128

2. Share application money pending allotment**-** **-****3. Non-current liabilities**

Long term provisions	5	2,913,308	7,042,710
		2,913,308	7,042,710

4. Current liabilities

Trade payables	6	116,006,526	13,722,867
Other current liabilities	7	23,124,515	18,113,359
Short term provisions	8	3,795,886	4,524,418
		142,926,926	36,360,644

TOTAL EQUITY AND LIABILITIES**262,436,104** **187,159,482****II ASSETS****1. Non-current assets**

Fixed assets			
Tangible assets	9	8,953,376	35,383,442
		8,953,376	35,383,442

2. Current assets

Trade receivables	10	178,856,397	13,398,223
Cash and bank balances	11	22,572,240	59,139,085
Short term loans and advances	12	49,000,228	65,367,820
Other current assets	13	3,053,862	13,870,913
		253,482,728	151,776,041

TOTAL ASSETS**262,436,104** **187,159,483**

The accompanying notes from an integral part of the Balance Sheet

As per our report 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

Bangalore

sd/-

Director

Jibin Arjunan

sd/-

Director

WIPRO JAPAN KK
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 (gross)	14	340,458,813	397,246,798
Less: Excise duty		-	-
Revenue from operations (net)		340,458,813	397,246,798
Total Revenue		340,458,813	397,246,798
EXPENSES			
Employee benefits expense	15	140,490,312	330,250,815
Finance costs	16	-	6,329,558
Depreciation and amortisation expense	9	12,519,784	16,954,190
Other expenses	17	199,814,800	139,256,864
Total Expenses		352,824,896	492,791,427
Profit before tax		(12,366,083)	(95,544,630)
Tax expense		-	-
Net Profit		(12,366,083)	(95,544,630)
Earnings per equity share			
Basic		(18,568)	(143,460)
Diluted		(18,568)	(143,460)
*Refer Note 19			

The accompanying notes from an integral part of the Statement of Profit and Loss

As per our report 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

Bangalore

sd/-

Director

Jibin Arjunan

sd/-

Director

Manoj Nagpaul

WIPRO JAPAN KK
CASH FLOW STATEMENT

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

	For the year ended March 31,	
	2015	2014
A. Cash flows from operating activities:		
Profit / (Loss) before tax	(12,366,083)	(95,544,630)
<i>Adjustments:</i>		
<i>Depreciation and amortization</i>	12,519,784	16,954,190
Loss on write off on Fixed Asset	13,910,281	2,192,474
Unrealised exchange differences - net	(14,794,177)	(54,625,935)
Interest on borrowings	-	6,329,558
Working capital changes :		
Trade and other receivable	(165,458,174)	(1,159,172)
Loans and advances	16,367,592	(16,537,764)
Other current Assets	10,817,051	(570,792,937)
Trade and other payables	102,283,659	-
Provision	(4,857,934)	-
Net cash generated by / (used in) operating activities	(41,578,001)	(713,184,215)
B. Cash flows from investing activities:		
Acquisition of property, fixed assets	-	(1,412,253)
Net cash generated by / (used in) investing activities	-	(1,412,253)
C. Cash flows from financing activities:		
Proceeds from issuance of common stock by subsidiary	-	1,001,830,000
Interest Paid on borrowings	-	(6,329,558)
Proceeds of borrowings / loans/deposits	5,011,156	(232,324,350)
Net cash generated by / (used in) financing activities	5,011,156	763,176,092
Net (decrease) / increase in cash and cash equivalents during the period	(36,566,844)	48,579,623
Cash and cash equivalents at the beginning of the period	59,139,085	10,559,462
Cash and cash equivalents at the end of the period (*Refer Note 11)	22,572,240	59,139,085

The accompanying notes from an integral part of the Cashflow statement

As per our report 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

Bangalore

sd/-

Director

Jibin Arjunan

sd/-

Director

Manoj Nagpaul

WIPRO JAPAN KK
NOTES TO THE FINANCIAL STATEMENTS
(Amount in ₹, except share and per share data, unless otherwise stated)

1. Company overview

Wipro Japan KK (“the Company”) is a subsidiary of Wipro limited. The Company was incorporated in Japan. The Company is engaged in promoting and creating new customers for the parent company – Wipro Limited, and software development services. The functional currency of the Company is JPY 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 recognised 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 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.

iv. Fixed assets and work-in-progress

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 amortised 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. 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.

vi. 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 of 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 realised.

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

vii. 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.

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. Employee benefits

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods or receive cash compensation 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 absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The Company recognizes accumulated compensated absences based on actuarial valuation. Non accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

Pension and social contribution:

Pension and social contribution plan, a defined contribution scheme, the Company makes monthly contributions based on a specified percentage of each covered employee's salary.

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.

	As at March 31, 2015	As at March 31, 2014
Note 3 Share Capital		
Authorised capital		
650 (2013: 650) equity shares	9,737,643	9,737,643
16 (2013: 650) equity shares	1,001,830,004	1,001,830,004
* As per the local laws of Japan, the Company does not have the concept of face value of equity shares.		
	1,011,567,647	1,011,567,647

Issued, subscribed and paid-up capital

666 equity shares [Refer note (ii) below]	758,675,735	758,675,735
	758,675,735	758,675,735

(ii) The following is the reconciliation of number of shares

	As at March 31, 2015	As at March 31, 2014
Opening number of equity shares	666	650
Equity shares issued during the year	-	16
Closing number of equity shares outstanding	666	666

(iii) Details of share holding pattern by related parties

	As of March 31,			
	2015		2014	
Name of shareholders	No. of shares	% of holdings	No. of shares	% of holdings
Wipro limited	658	100%	658	100%
Total	658	100%	658	100%

	As at March 31, 2015	As at March 31, 2014
Note 4 Reserves and Surplus		
Capital Reserve		
Balance brought forward from previous year	252,891,912	-
Additions during the year	-	252,891,912
Deductions during the year	-	-
	<u>252,891,912</u>	<u>252,891,912</u>
Translation reserve		
Balance brought forward from previous year	(74,621,400)	(19,995,466)
Movement during the period	(14,794,177)	(54,625,935)
Translation reserve	<u>(89,415,722)</u>	<u>(74,621,400)</u>
Surplus from statement of profit and loss		
Balance brought forward from previous year	(793,190,118)	(697,645,487)
Add: Profit for the year	(12,366,083)	(95,544,631)
Closing balance	<u>(805,556,201)</u>	<u>(793,190,118)</u>
Summary of reserves and surplus		
Balance brought forward from previous year	(614,919,607)	(717,640,953)
Movement during the year	(27,160,260)	102,721,346
	<u>(642,079,866)</u>	<u>(614,919,607)</u>
Note 5 Long term Provisions		
Employee benefit obligation	2,913,308	7,042,710
Warranty provision	-	-
	<u>2,913,308</u>	<u>7,042,710</u>
Note 6 Trade payables		
Trade Payables	109,586	1,570,617
Payable to ultimate holding company	107,656,384	1,432,997
Payable to group company	-	82,221
Accrued expenses	8,240,556	10,637,034
	<u>116,006,526</u>	<u>13,722,868</u>
Note 7 Other current liabilities		
Salary Payable	339,003	-
Statutory liabilities	22,551,525	18,113,358
Balances due to related parties	233,986	-
	<u>23,124,515</u>	<u>18,113,358</u>
Note 8 Short term provisions		
Employee benefit obligations	2,975,946	3,604,424
Provision for tax	819,939	919,993
	<u>3,795,886</u>	<u>4,524,418</u>

	As at March 31, 2015	As at March 31, 2014
Note 10 Trade Receivable		
Other receivables		
Considered good	7,016,431	13,398,223
Receivable from Group companies	171,839,966	-
	178,856,397	13,398,223
 Note 11 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
In current accounts	22,333,124	59,052,953
Cash in Hand	239,116	86,133
	22,572,240	59,139,085
 Note 12 Short-term loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Employee travel & other advances	-	783,911
Prepaid expenses	363,016	1,084,630
Security deposits	33,912,014	42,956,051
Advance income tax	14,725,198	20,543,227
	49,000,228	65,367,820
 Note 13 Other current assets		
Unbilled revenue	3,053,862	13,870,910
	3,053,862	13,870,910

Year ended March 31,

	2015	2014
Note 14 Revenue from Operations		
Sale of services	127,986,360	190,967,773
Inter Company Commission	212,472,453	206,279,025
Revenue from operations (gross)	340,458,813	397,246,798
Note 15 Employee benefits expense		
Salaries and wages	140,035,653	325,986,313
Staff welfare expenses	454,659	4,264,502
	140,490,312	330,250,815
Note 16 Finance costs		
Interest on unsecured loan	-	6,329,558
	-	6,329,558
Note 17 Other expenses		
Sub contracting / technical fees / third party application	115,187,724	-
Travel	16,277,109	19,442,031
Repairs and Maintenance	5,748,262	2,529,751
Rent	18,439,414	45,452,611
Communication	6,683,952	23,174,901
Legal and professional charges	4,009,220	9,017,293
Staff recruitment	6,203,974	675,190
Insurance	5,883	342,210
Other exchange differences, net	19,717	21,978,729
Rates and taxes	5,502,895	5,227,624
Miscellaneous expenses	21,736,651	11,416,526
	199,814,800	139,256,865

18. Related party transaction:

The following are the entities with which the company has related party transactions:

Name of the party	Relationship with the Company
Wipro Limited	Holding Company
Wipro Holdings Hungary Korlatolt Feelossegu Tarsasag	Fellow Subsidiary
Wipro travel services	Fellow Subsidiary

	Year ended March 31,	
	2015	2014
Commission towards marketing services provided		
Wipro Limited	209,038,269	206,279,025
Sub-contracting charges		
Wipro Limited	115,187,724	-
Interest on loan taken		
Wipro Holdings Hungary Korlatolt Feelossegu Tarsasag	-	6,329,558

The following are the balances of receivables and payables to related parties:

	Year ended March 31,	
	2015	2014
Payables:		
Wipro Limited	107,656,384	1,207,208
Wipro Travel Services	233,986	82,221
Receivables:		
Wipro Limited	171,839,966	-

19. Earnings per share

Particulars	Year ended March 31,	
	2015	2014
Computation of EPS		
Profit / (Loss) for the year as per statement of profit and loss	(12,366,083)	(95,544,630)
Weighted average number of equity shares used for computing basic and diluted EPS	666	666
Earnings per share basic and diluted	(18,568)	(143,460)

20. Transfer pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31st March 2015, particularly on the amount of tax expense and that of the provision for taxation.

21. Micro, small and medium enterprises, development act, 2006

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. Others

Hitherto the applicability of revised Schedule III from the current year, the Company has reclassified previous year figures to conform to this year's classification. The adoption of rived Schedule III does not impact recognition and measurement principle followed for the preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report 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

Bangalore

sd/-

Director

Jibin Arjunan

sd/-

Director

Manoj Nagpaul

9. Tangible assets

Particular	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK*	
	As of April 1, 2014	Additions	Effect of Translation *	Disposals	As of March 31, 2015	As of April 1, 2014	Depreciation for the year	Effect of Translation *	Disposals / adjustments	As of March 31, 2015	As of March 31, 2015	As of March 31, 2014
Tangible fixed assets												
Buildings **	-	-	-	-	-	-	-	-	-	-	-	-
Plant & machinery ***	36,261,468	72,694	(3,948,559)	-	32,385,604	19,452,738	740,527	(3,178,264)	(14,902,966)	31,917,967	467,637	16,808,730
Furniture & fixture	100,608,495	4,892,878	(11,274,068)	-	94,227,305	93,447,785	8,251,080	(10,815,542)	(1,355,953)	92,239,276	1,988,029	7,160,710
Office equipments	33,563,019	-	(3,650,151)	-	29,912,869	22,149,017	3,528,178	(2,676,658)	(414,621)	23,415,158	6,497,711	11,414,002
	170,432,983	4,965,573	(18,872,778)	-	156,525,778	135,049,541	12,519,784	(16,670,464)	(16,673,540)	147,572,401	8,953,376	35,383,442
Previous year – 2014	186,706,790	-	3,651,188	19,924,997	170,432,981	133,588,937	16,954,190	2,238,935	17,732,523	135,049,539		35,383,442

* Represents translation of fixed assets of non-integral operations into Indian Rupee

** Building includes lease hold improvements.

*** Plant and machinery includes computers and computer software.