

WIPRO SHANGHAI LIMITED
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
MARCH 31, 2015

WIPRO SHANGHAI LIMITED

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	89,507,584	89,507,584
Reserves and surplus	4	116,047,724	109,033,123
		205,555,308	198,540,707
2. Share application money pending allotment			
		-	-
3. Non-current liabilities			
Long term provisions	5	269,332	7,459,126
		269,332	7,459,126
4. Current liabilities			
Trade payables	6	10,927,093	618,861,590
Other current liabilities	7	41,008,144	100,808,137
Short term provisions	8	1,555,285	17,136,874
		53,490,522	736,806,601
TOTAL EQUITY AND LIABILITIES		259,315,162	942,806,435
II ASSETS			
1. Non-current assets			
Fixed assets			
Tangible assets	9	37,572,594	53,127,362
Long term loans and advances	10	908,326	30,657,807
		38,480,920	83,785,169
2. Current assets			
Trade receivables	11	6,438,637	122,643,942
Cash and bank balances	12	27,431,481	192,400,675
Short term loans and advances	13	28,017,482	478,675,039
Other current assets	14	14,078,414	65,301,609
		75,966,014	859,021,266
TOTAL ASSETS		114,446,934	942,806,435

The accompanying notes form 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

sd/-
Director
Jibin Arjunan

sd/-
Director
Manoj Nagpaul

WIPRO SHANGHAI LIMITED
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)	15	91,891,450	1,067,773,042
Less: Excise duty		-	-
Revenue from operations (net)		91,891,450	1,067,773,042
Other income	16	1,918,056	16,772,953
Total Revenue		93,809,506	1,084,545,995
EXPENSES			
Cost of materials consumed	-	-	53,561,248
Employee benefits expense	17	66,938,557	684,257,048
Finance costs	18	912	-
Depreciation and amortisation expense	9	22,479,007	30,275,055
Other expenses	19	16,241,400	230,240,751
Total Expenses		105,659,876	998,334,102
Profit before tax		(11,850,370)	86,211,889
Tax expense			
Current tax		1,335,532	12,931,783
Net Profit		(13,185,902)	73,280,106
Earnings per equity share			
Basic		NA	NA
Diluted		NA	NA
The accompanying notes form an integral part of the Statement of Profit & 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
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Director
Manoj Nagpaul

WIPRO SHANGHAI LIMITED
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	(11,850,370)	86,211,889
<i>Adjustments:</i>		
<i>Depreciation and amortization</i>	22,479,007	30,275,055
Profit on Sale of fixed assets	(32,114)	-
Unrealised exchange differences - net	(2,054,909)	10,343,293
Interest Income	(1,037,090)	(16,626,595)
Working capital changes :		
Trade and other receivable	116,205,305	(361,951,307)
Loans and advances	480,407,037	76,696,697
Other current Assets	51,223,195	(39,658,011)
Trade and other payables	(667,734,490)	201,538,870
Provision	(22,771,384)	71,091,086
Net cash generated by / (used in) operating activities	(35,165,811)	57,920,977
Direct Taxes Paid	(1,335,532)	(12,931,783)
	(36,501,343)	44,989,194
B. Cash flows from investing activities:		
Acquisition of property, fixed assets	(4,907,155)	(17,643,221)
Proceeds from Sale of fixed assets	69,939	-
Interest income	1,037,090	16,626,595
Net cash generated by / (used in) investing activities	(3,800,126)	(1,016,626)
C. Cash flows from financing activities:		
Proceeds of borrowings / loans	-	-
Net cash generated by / (used in) financing activities	-	-
Net (decrease) / increase in cash and cash equivalents during the period	(40,301,468)	43,972,568
Cash and cash equivalents at the beginning of the period	192,400,675	148,428,107
Cash and cash equivalents at the end of the period (*Refer note 12)	152,099,207	192,400,675

The accompanying notes form an integral part of the Cash flow statement

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

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

For and on behalf of the Board of Directors

sd/-
Director
Jibin Arjunan

sd/-
Director
Manoj Nagpaul

WIPRO SHANGHAI LTD.
NOTES TO THE FINANCIAL STATEMENTS

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

1. Company overview

Wipro Shanghai Limited (“the Company”) is a subsidiary of Wipro Cyprus Limited. The Company was incorporated in SHANGHAI and is engaged in services of software development. The functional currency of the Company is CNY 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

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. 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.

IX. Earnings per share

Earnings per share is not applicable to the Company since there is no concept of number of equity shares as per Statutory norms. Hence, the earnings per share has not been shown in the financials.

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.

Note 3 Share Capital

Authorised capital

Equity contribution	89,507,584	89,507,584
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Issued, subscribed and paid-up capital

Equity contribution	89,507,584	89,507,584
	89,507,584	89,507,584

* As per the local laws of Shanghai, the Company does not have share capital. Hence the investment held by Wipro Cyprus Pvt Ltd (84.63%) and Wipro Limited (15.37%) is disclosed as equity contribution.

Note 4 Reserves and Surplus

Translation reserve

Balance brought forward from previous year	(4,664,332)	(15,007,625)
Movement during the period	10,605,402	10,343,293
	5,941,070	(4,664,332)

Surplus from statement of profit and loss

Balance brought forward from previous year	113,697,455	40,417,349
Add: Profit for the year	69,203,846	73,280,106
Closing balance	182,901,300	113,697,455

Summary of reserves and surplus

Balance brought forward from previous year	109,033,123	25,409,724
Movement during the year	79,809,247	83,623,399
	188,842,371	109,033,123

Note 5 Long term Provisions

Employee benefit obligation	2,714,732	7,459,126
	2,714,732	7,459,126

Note 6 Trade payables

Trade Payables	1,817,726	1,057,163
Payable to ultimate holding company	31,585,502	557,064,781
Accrued expenses	76,736,403	60,739,646
	110,139,631	618,861,590

Note 7 Other current liabilities

Current Maturities of loan term borrowings	-	
Unearned revenue	56,300,108	3,534,107
Statutory liabilities	14,853,503	97,029,885
Payable to Subsidiaries		244,144
Payable to ultimate holding company	327,334,473	-
	398,488,084	100,808,137

	As at March 31, 2015	As at March 31, 2014
Note 8 Short term provisions		
Employee benefit obligations	2,215,000	4,479,732
Provision for tax	13,461,496	12,657,142
	15,676,496	17,136,873
Note 10 Long-term loans and advances		
Advance income tax, net of provision for tax	9,155,476	30,657,807
	9,155,476	30,657,807
Note 11 Trade Receivable		
Unsecured:		
Over six months from the date they were due for payment		
Considered doubtful	-	11,973,061
	-	11,973,061
Less: Provision for doubtful receivables	-	(11,973,061)
	-	-
Other receivables		
Considered good	64,898,240	122,643,942
	64,898,240	122,643,942
Note 12 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
In current accounts	4,079,288	4,145,090
In deposit accounts	272,416,322	188,239,043
Cash in Hand	-	16,542
	276,495,610	192,400,675
Note 13 Short-term loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Employee travel & other advances	7,920,846	216,176
Advance to suppliers	-	289,125
Balance with Group Companies	252,476,237	455,260,542
Balances with excise, customs and other authorities	-	10,626,777
Prepaid expenses	2,559,772	1,412,001
Advances	777,422	-
Security deposits	11,609,326	10,844,905
Others	-	25,512
	275,343,604	478,675,039
Note 14 Other current assets		
Unsecured and considered good:		
Unbilled revenue	141,903,374	65,301,609
	141,903,374	65,301,609

Year ended March 31,

	2015	2014
Note 15 Revenue from Operations		
Sale of services	906,572,203	1,067,773,042
Revenue from operations (gross)	906,572,203	1,067,773,042
Note 16 Other Income		
Interest on Fixed deposits and others	10,231,603	16,626,595
Other exchange differences, net	-	146,358
Profit on Sale of fixed assets	316,825	-
Miscellaneous income	8,374,509	-
	18,922,938	16,772,953
Note 17 Employee benefits expense		
Salaries and wages	630,128,728	650,732,939
Expenses on employee stock purchase plan (ESPP)	-	138,818
Staff welfare expenses	30,266,068	33,385,292
	660,394,796	684,257,048
Note 18 Finance costs		
Interest Cost	8,999	-
	8,999	-
Note 19 Other expenses		
Sub contracting / technical fees / third party application	57,618,276	83,952,361
Travel	16,611,735	19,990,099
Repairs and Maintenance	16,952,851	1,385,177
Rent	43,478,196	43,321,125
Reversal of bad debts	(1,826,019)	-
Power and fuel	6,750,650	7,850,751
Other exchange differences, net	5,459,816	-
Communication	27,571,793	34,624,371
Legal and professional charges	11,143,893	12,269,210
Staff recruitment	12,273,889	-
Insurance	6,751,478	6,548,867
Rates and taxes	(47,000,102)	2,650,336
Miscellaneous expenses	4,446,097	17,648,455
	160,232,552	230,240,751

19. 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 Chengdu Limited	Fellow subsidiary
Wipro BPO Limited	Fellow subsidiary
Wipro Travel Services Limited.	Fellow subsidiary
Wipro Limited	Holding company
Wipro Technologies GmbH	Fellow subsidiary
Wipro Thailand Limited	Fellow subsidiary

	Year ended March 31,	
	2015	2014
Wipro limited		
Sale of services	249,145,535	380,164,479
Sub contracting charges	30,278,285	71,094,446
Wipro Chengdu limited		
Sales	20,650,866	3,779,714
Sub contracting charges	14,106,241	10,385,412
Wipro Technologies GmbH		
Sub contracting charges	709,699	-
Wipro Thailand Limited		
Sale of services	5,479,203	-

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

	Year ended March 31,	
	2015	2014
Payable:		
Wipro Limited	196,662,020	186,783,387
Wipro Travel Services Limited.	-	31,341
Wipro Technologies GmbH	725,080	-
Receivables:		
Wipro Chengdu Limited	92,111,699	71,196,951
Wipro Thailand Limited	5,597,951	-

20. Segment reporting

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

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 revised 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

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 ***	75,805,653	4,328,039	3,554,496	585,390	83,102,798	64,811,571	4,273,344	3,053,169	547,565	71,590,518	11,512,280	10,994,082
Furniture & fixture	104,183,094	-	4,781,353	-	108,964,447	84,622,650	8,177,608	4,058,237	-	96,858,495	12,105,952	19,560,443
Office equipments	75,750,364	579,116	3,486,653	-	79,816,133	53,177,528	10,028,056	2,656,188	-	65,861,771	13,954,362	22,572,837
	255,739,111	4,907,155	11,822,502	585,390	271,883,378	202,611,749	22,479,007	9,767,593	547,565	234,310,784	37,572,594	53,127,362
Previous year – 2014	222,534,150	10,382,214	22,822,748	-	255,739,111	156,774,954	30,275,055	15,591,588	29,849	202,611,748	53,127,362	65,759,197

* 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.