

**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
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share capital	3	<b>89,507,584</b>	89,507,584
Reserves and surplus	4	<b>116,047,724</b>	109,033,123
		<b>205,555,308</b>	198,540,707
<b>2. Share application money pending allotment</b>			
		-	-
<b>3. Non-current liabilities</b>			
Long term provisions	5	269,332	7,459,126
		<b>269,332</b>	7,459,126
<b>4. Current liabilities</b>			
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
		<b>53,490,522</b>	736,806,601
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>259,315,162</b>	942,806,435
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets	9	37,572,594	53,127,362
Long term loans and advances	10	908,326	30,657,807
		<b>38,480,920</b>	83,785,169
<b>2. Current assets</b>			
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
		<b>75,966,014</b>	859,021,266
<b>TOTAL ASSETS</b>		<b>114,446,934</b>	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
<b>REVENUE</b>			
Revenue from operations (gross)	15	<b>91,891,450</b>	1,067,773,042
Less: Excise duty		-	-
Revenue from operations (net)		<b>91,891,450</b>	1,067,773,042
Other income	16	<b>1,918,056</b>	16,772,953
<b>Total Revenue</b>		<b>93,809,506</b>	1,084,545,995
<b>EXPENSES</b>			
Cost of materials consumed	-	-	53,561,248
Employee benefits expense	17	<b>66,938,557</b>	684,257,048
Finance costs	18	<b>912</b>	-
Depreciation and amortisation expense	9	<b>22,479,007</b>	30,275,055
Other expenses	19	<b>16,241,400</b>	230,240,751
<b>Total Expenses</b>		<b>105,659,876</b>	998,334,102
<b>Profit before tax</b>		<b>(11,850,370)</b>	86,211,889
<b>Tax expense</b>			
Current tax		<b>1,335,532</b>	12,931,783
<b>Net Profit</b>		<b>(13,185,902)</b>	73,280,106
<b>Earnings per equity share</b>			
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  
Membership No. 211367

sd/-  
**Director**  
Jibin Arjunan

sd/-  
**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
<b>A. Cash flows from operating activities:</b>		
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)
<b>Working capital changes :</b>		
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
<b>Net cash generated by / (used in) operating activities</b>	<b>(35,165,811)</b>	<b>57,920,977</b>
Direct Taxes Paid	(1,335,532)	(12,931,783)
	<b>(36,501,343)</b>	<b>44,989,194</b>
<b>B. Cash flows from investing activities:</b>		
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
<b>Net cash generated by / (used in) investing activities</b>	<b>(3,800,126)</b>	<b>(1,016,626)</b>
<b>C. Cash flows from financing activities:</b>		
Proceeds of borrowings / loans	-	-
<b>Net cash generated by / (used in) financing activities</b>	<b>-</b>	<b>-</b>
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
<b>Cash and cash equivalents at the end of the period (*Refer note 12)</b>	<b>152,099,207</b>	<b>192,400,675</b>

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**

	As at March 31, 2015	As at March 31, 2014
Equity contribution	89,507,584	89,507,584

**Issued, subscribed and paid-up capital**

Equity contribution	89,507,584	89,507,584
	<b>89,507,584</b>	<b>89,507,584</b>

\* 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**

	As at March 31, 2015	As at March 31, 2014
Balance brought forward from previous year	(4,664,332)	(15,007,625)
Movement during the period	10,605,402	10,343,293
	<b>5,941,070</b>	<b>(4,664,332)</b>

**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	<b>182,901,300</b>	<b>113,697,455</b>

**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
	<b>188,842,371</b>	<b>109,033,123</b>

**Note 5 Long term Provisions**

Employee benefit obligation	2,714,732	7,459,126
	<b>2,714,732</b>	<b>7,459,126</b>

**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
	<b>110,139,631</b>	<b>618,861,590</b>

**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	-
	<b>398,488,084</b>	<b>100,808,137</b>



	As at March 31, 2015	As at March 31, 2014
<b>Note 8 Short term provisions</b>		
Employee benefit obligations	2,215,000	4,479,732
Provision for tax	13,461,496	12,657,142
	<b>15,676,496</b>	<b>17,136,873</b>
<b>Note 10 Long-term loans and advances</b>		
Advance income tax, net of provision for tax	9,155,476	30,657,807
	<b>9,155,476</b>	<b>30,657,807</b>
<b>Note 11 Trade Receivable</b>		
<b>Unsecured:</b>		
<b>Over six months from the date they were due for payment</b>		
Considered doubtful	-	11,973,061
	-	11,973,061
Less: Provision for doubtful receivables	-	(11,973,061)
	-	-
<b>Other receivables</b>		
Considered good	64,898,240	122,643,942
	<b>64,898,240</b>	<b>122,643,942</b>
<b>Note 12 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
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
	<b>276,495,610</b>	<b>192,400,675</b>
<b>Note 13 Short-term loans and advances</b>		
<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
	<b>275,343,604</b>	<b>478,675,039</b>
<b>Note 14 Other current assets</b>		
<b>Unsecured and considered good:</b>		
Unbilled revenue	141,903,374	65,301,609
	<b>141,903,374</b>	<b>65,301,609</b>

**Year ended March 31,**

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

## 19. Related party transaction:

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

<b>Name of the party</b>	<b>Relationship with the Company</b>
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

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

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

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

## 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
<b>Tangible fixed assets</b>												
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.