

Financial Statements and Independent Auditor's Report

WIPRO INFORMATION TECHNOLOGY KAZAKHSTAN LLP

31 March 2016

<b>Contents</b>	<b>Page</b>
Independent Auditor's Report	
Balance Sheet	1
Statement of Profit and Loss	2
Cash Flow Statement	3
Summary of significant accounting policies and other explanatory information	4-9

## **Independent Auditor's Report**

### **To the Board of Directors of Wipro Information Technology Kazakhstan LLP**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of **Wipro Information Technology Kazakhstan LLP** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

### **Other matter**

8. This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and members as a body and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's and ultimate holding company's board of directors and members as a body, for our audit work, for this report, or for the opinions we have formed.
9. The audit of the financial statements of the Company as at and for the year ending 31 March 2015 was carried out by other auditors, whose report dated 31 May 2015 expressed an unqualified opinion on those statements.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
per **Sanjay Banthia**  
Partner  
Membership No.: 061068

Place: Bengaluru

Date: 3 June 2016

## Balance Sheet as at 31 March 2016

(All amounts are in ₹ unless otherwise stated)

	Notes	31 March 2016	31 March 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	9,427,853	9,427,853
Reserves and surplus	4	(36,310,342)	(29,818,863)
		<u>(26,882,489)</u>	<u>(20,391,010)</u>
<b>Current liabilities</b>			
Short-term borrowings	5	19,210,325	11,876,834
Trade payables	6	2,623,267	8,839,245
Other current liabilities	7	10,340,080	11,942,386
Short-term provisions	8	1,090,768	-
		<u>33,264,440</u>	<u>32,658,465</u>
<b>Total</b>		<u><b>6,381,951</b></u>	<u><b>12,267,455</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Long-term loans and advances	9	15,590	-
		<u>15,590</u>	<u>-</u>
<b>Current assets</b>			
Trade receivables	10	5,654,632	11,516,344
Cash and cash equivalents	11	95,553	681,229
Short-term loans and advances	9	616,176	69,882
		<u>6,366,361</u>	<u>12,267,455</u>
<b>Total</b>		<u><b>6,381,951</b></u>	<u><b>12,267,455</b></u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors of Wipro Information Technology Kazakhstan LLP

Sd/-

Innokenty Petrov

Director

Place: Bangalore

Date: 3 June 2016

**Wipro Information Technology Kazakhstan LLP**  
**Statement of Profit and Loss for the year ended 31 March 2016**  
(All amounts are in ₹ unless otherwise stated)

2

	Notes	31 March 2016	31 March 2015
<b>Revenue</b>			
Revenue from operations	12	34,318,278	21,366,616
Other income	13	83,570	78,919
<b>Total revenue</b>		<b>34,401,848</b>	<b>21,445,535</b>
<b>Expenses</b>			
Employee benefits expense	14	31,673,508	29,768,514
Finance costs	15	6,838,003	328,608
Other expenses	16	16,879,324	9,879,283
<b>Total expenses</b>		<b>55,390,835</b>	<b>39,976,405</b>
<b>Profit/ (loss) before tax</b>		<b>(20,988,987)</b>	<b>(18,530,870)</b>
<b>Tax expense</b>			
Current tax expense		-	-
<b>Profit/ (loss) after tax</b>		<b>(20,988,987)</b>	<b>(18,530,870)</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

**For and on behalf of the Board of Directors of Wipro Information Technology Kazakhstan LLP**

Sd/-

**Innokenty Petrov**  
Director

Place: Bangalore  
Date: 3 June 2016

**Wipro Information Technology Kazakhstan LLP**  
**Cash Flow Statement for the year ended March 2016**  
(All amounts are in ₹ unless otherwise stated)

3

	31 March 2016	31 March 2015
<b>Cash flows from operating activities:</b>		
<b>Profit/(loss) before tax</b>	(20,988,987)	(18,530,870)
Interest on borrowings	441,508	305,550
Exchange difference, net	8,533,509	211,300
<b>Operating profit before working capital changes</b>	<b>(12,013,970)</b>	<b>(18,014,020)</b>
Trade receivables & unbilled revenue	1,257,999	(11,435,728)
Loans and advances and other assets	(802,468)	688,686
Trade payables and liabilities and provisions	862,482	13,873,730
<b>Net cash generated from operations</b>	<b>(10,695,956)</b>	<b>(14,887,332)</b>
Income taxes paid	(12,097)	-
<b>Net cash generated by operating activities</b>	<b>(A) (10,708,053)</b>	<b>(14,887,332)</b>
<b>Net cash generated from/ (used in) investing activities</b>	<b>(B) -</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	10,693,661	-
Proceeds from issuance of common stock by subsidiary	-	9,427,853
<b>Net cash used in financing activities</b>	<b>(C) 10,693,661</b>	<b>9,427,853</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(A+B+C) (14,392)</b>	<b>(5,459,479)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>681,229</b>	<b>5,625,819</b>
Effect of exchange rate changes on cash equivalents	(571,285)	514,890
<b>Cash and cash equivalents as at the end of the year (refer note 9)</b>	<b>95,553</b>	<b>681,229</b>

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors of Wipro Information Technology Kazakhstan LLP

Sd/-  
**Innokenty Petrov**  
Director

Place: Bangalore  
Date: 3 June 2016

(All amounts are in ₹ unless otherwise stated)

**1 Background**

Wipro Information Technology Kazakhstan LLP ("the Company") is a subsidiary of Wipro Information Technology Netherlands BV, incorporated and domiciled in Kazakhstan. The Company is provider of IT Services, including Business Process Services (BPS) globally. The Company's ultimate holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India.

During the current year the Company has incurred a loss. In addition, the Company's current liabilities exceeded its current assets. The accompanying financial statements have been prepared on going concern assumption. The Company has won a contract prior to the balance sheet date basis which the management is of the view that the current asset shall exceed its current liability in the future year. Considering this, no adjustment have been made to the carrying values or classification of the balance sheet accounts.

**2 Summary of significant accounting policies**

**a) Basis of preparation of financial statement**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared financial statements to comply in all material respect with the accounting standards issued by Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India.

The financial statement have been prepared on accrual basis and under historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

These financial statements have been prepared to attach with the accounts of the ultimate holding company, to comply with the provisions of Section 137 (1) Companies Act (the Act), 2013 in India.

**b) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, as at the date of reporting period. 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.

**c) Revenue recognition**

The Company derives revenue primarily from software development, maintenance of software/hardware and related services and business

**Services**

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. Revenues from services is recognised as the service is rendered, on the basis of an agreed mark-up on all costs incurred, in accordance with the terms of the Master Service Agreements entered into with Wipro Limited ("the Ultimate holding company").

"Unbilled revenue" represent revenues recognised for services rendered in accordance with contractual terms, which have not been billed to the ultimate holding company at the Balance Sheet date. The related billings are performed within the next operating cycle.

**Other income**

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

**d) Foreign currency transactions**

**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. Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The exchange difference between the rate at which foreign currency transactions are accounted and the rate at which they are re-measured/ realized is recognized in the statement of profit and loss.

**Translation**

The Company is a non-integral unit of Ultimate Holding Company. The functional currency of the Company is KZT and the reporting currency for these financial statements is INR. The translation of financial statements from the local currency to the reporting currency of the Company is performed for balance sheet accounts using the exchange rate in effect at the Balance sheet date and for revenue, expenses and cash flow items using a monthly average exchange rate for the respective periods and the resulted differences is presented as 'foreign currency translation reserve' included in 'Reserve and surplus' and 'Effect of exchange rate changes on cash and cash equivalents' including 'cash flow statement', respectively.

(All amounts are in ₹ unless otherwise stated)

e) **Taxes**

**Income tax**

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

**Deferred tax**

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 of the Company.

Deferred taxes are recognised in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of timing difference is determined using first in first out method.

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/substantive 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 realized. 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 realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date. The Company offsets, on a year on year basis, the current and non-current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

f) **Operating leases**

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.

g) **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.

**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.

h) **Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation as a result of past events, 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.

Provision for onerous contracts is recognized when the expected benefits to be derived from the contract are lower than the unavoidable cost of meeting the future obligations under the contract.

(i) **Cash flow statement**

Cash flows are reported using the 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 regular revenue generating, investing and financing activities of the Company are segregated.

## Summary of significant accounting policies and other explanatory information

(All amounts are in ₹ unless otherwise stated)

## 3 Share capital

	31 March 2016	31 March 2015
<b>I Paid-up capital *</b>	9,427,853	9,427,853
	<u>9,427,853</u>	<u>9,427,853</u>

\* The LLP does not have any authorised, issued and subscribed equity shares. Accordingly, disclosures relating to share capital are not applicable.

## 4 Reserves and surplus

	31 March 2016	31 March 2015
<b>Translation reserve</b>		
Balance brought forward from previous year	1,878,128	1,776,608
Add: Movement during the period	14,497,508	101,520
<b>Balance at the end of the year</b>	<u>16,375,636</u>	<u>1,878,128</u>
<b>General reserve</b>		
Balance brought forward from previous year	-	-
Add: Amount transferred from the balance in statement of profit and loss	(52,685,978)	-
<b>Balance at the end of the year</b>	<u>(52,685,978)</u>	<u>-</u>
<b>Deficit in the statement of profit and loss</b>		
Balance brought forward from previous year	(31,696,991)	(13,166,121)
Add: (Loss) for the year	(20,988,987)	(18,530,870)
Less: Transfer to reserve	52,685,978	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>(31,696,991)</u>
	<u>(36,310,342)</u>	<u>(29,818,863)</u>

## 5 Short term borrowings

*(Unsecured, considered good)*

Loan from related parties (refer note 15)

	31 March 2016	31 March 2015
	19,210,325	11,876,834
	<u>19,210,325</u>	<u>11,876,834</u>

## 6 Trade payables

Dues to others  
Accrued expenses

	31 March 2016	31 March 2015
	1,004,902	3,365,902
	1,618,365	5,473,343
	<u>2,623,267</u>	<u>8,839,245</u>

## 7 Other current liabilities

Accrued salary  
Duties and taxes payable  
Interest accrued but not due on borrowing (refer note 15)  
Balances due to related parties (refer note 15)

	31 March 2016	31 March 2015
	1,447,343	-
	365,314	2,110,830
	855,124	448,991
	7,672,299	9,382,565
	<u>10,340,080</u>	<u>11,942,386</u>

## 8 Short-term provisions

Employee benefit obligations

	31 March 2016	31 March 2015
	1,090,768	-
	<u>1,090,768</u>	<u>-</u>

## Summary of significant accounting policies and other explanatory information

(All amounts are in ₹ unless otherwise stated)

**9 Loans and advances***(Unsecured, considered good)*

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
Advance income tax [net of provision for tax]	15,590	-	-	11,921
Employee travel & other advances	-	616,176	-	57,960
	<b>15,590</b>	<b>616,176</b>	<b>-</b>	<b>69,881</b>

**10 Trade receivables***(Unsecured, considered good)*

	31 March 2016	31 March 2015
Other receivables		
Considered good*	5,654,632	11,516,344
Considered doubtful	-	-
	5,654,632	11,516,344
Less: Provision for doubtful debts	-	-
	5,654,632	11,516,344
	<b>5,654,632</b>	<b>11,516,344</b>

\* includes receivables from related parties (refer note 15)

**11 Cash and cash equivalents**

	31 March 2016	31 March 2015
Balances with banks		
- In current accounts	95,553	681,229
	<b>95,553</b>	<b>681,229</b>

**12 Revenue from operations**

	31 March 2016	31 March 2015
Sale of services	34,318,278	21,366,616
	<b>34,318,278</b>	<b>21,366,616</b>

**13 Other income**

	31 March 2016	31 March 2015
Interest income	83,570	78,919
	<b>83,570</b>	<b>78,919</b>

**14 Employee benefits expense**

	31 March 2016	31 March 2015
Salaries and wages	31,673,508	29,764,159
Staff welfare expense	-	4,355
	<b>31,673,508</b>	<b>29,768,514</b>

**15 Finance cost**

	31 March 2016	31 March 2015
Interest cost	441,508	305,550
Exchange fluctuations on foreign currency borrowings, net	6,396,495	-
Bank charges	-	23,058
	<b>6,838,003</b>	<b>328,608</b>

## Summary of significant accounting policies and other explanatory information

(All amounts are in ₹ unless otherwise stated)

## 16 Other expenses

	31 March 2016	31 March 2015
Travelling	3,587,868	1,455,176
Repairs and maintenance	30,165	12,042
Rent (refer note 16)	1,553,579	1,478,421
Power and fuel	84,042	30,023
Legal and professional	4,605,753	6,147,917
Insurance	33,082	5,785
Rates and taxes	24,326	21,333
Foreign exchange loss, net	5,184,800	265,298
Miscellaneous expenses	1,775,709	463,288
	<b>16,879,324</b>	<b>9,879,283</b>

## 17 Related party disclosure

## i) Parties where control exists:

Nature of Relationship	Name of the Related Party
Ultimate Holding Company	Wipro Limited
Holding Company	Wipro Information Technology Netherlands BV
Fellow Subsidiary Company	Wipro Cyprus Private Limited

## ii) The Company has the following related party transactions:

Particulars	Relationship	31 March 2016	31 March 2015
<b>Interest cost</b>			
Wipro Cyprus Private Limited	Fellow Subsidiary Company	441,508	305,550
<b>Sale of services</b>			
Wipro Limited	Ultimate Holding Company	34,318,278	21,366,616

## iii) Balances with related parties as at year end are summarised below:

Particulars	Relationship	31 March 2016	31 March 2015
Wipro Limited	Ultimate Holding Company	(1,846,410)	2,285,896
Wipro Cyprus Private Limited	Fellow Subsidiary Company	(20,065,448)	(12,325,825)
Wipro Information Technology Netherlands BV	Holding Company	(171,258)	(152,117)

\* The amounts are classified as trade receivables, short-term borrowings and other current liabilities respectively.

## 18 Operating leases

The company has taken on lease, office and residential facilities under cancellable and non cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental payments under such leases during the year are ₹ 1,553,579 (31 March 2015 : ₹ 1,478,421).

19 In view of carry forward losses under tax laws, no deferred tax asset is recognized as at 31 March 2016 on account of lack of virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

## 20 Segment reporting

The accompanying financial statements are appended to the consolidated financial statements of ultimate holding company, i.e. Wipro Limited as per the requirement of Section 137(1) of the Companies Act 2013. These standalone financial statements should be read with the consolidated financial statements of Wipro Limited. Accordingly, pursuant to requirement of Accounting Standard (AS) 17, Segment Reporting, the Company discloses the segment information in the consolidated financial statements of ultimate holding company.

**Summary of significant accounting policies and other explanatory information**

(All amounts are in ₹ unless otherwise stated)

**21 Prior period comparatives**

Previous year's figures have been reclassified to confirm to this year's classification.

**For and on behalf of the Board of Directors of Wipro Information Technology Kazakhstan LLP**

Sd/-

**Innokenty Petrov**

Director

Place: Bangalore

Date: 3 June 2016