

SBA Stone Forest CPA Co Ltd

上海中新石林会计师事务所有限公司

WIPRO (CHENGDU) LIMITED

**AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

31 December 2016

[English Translation for Reference Only]

WIPRO (CHENGDU) LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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SBA Stone Forest CPA Co Ltd

上海中新石林会计师事务所有限公司

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AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF WIPRO (CHENGDU) LIMITED

We have audited the accompanying financial statements of Wipro (Chengdu) Limited ("the Company"), which comprises of the balance sheet as at 31 December 2016, the income statement, cash flow statement, the statement of changes in owner's equity and notes to the financial statements for the year ended.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes (1) the preparation of the financial statements in accordance with the Accounting Standards and the Accounting System for Business Enterprises, including their fair presentation; (2) designing, implementing and maintaining internal controls relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SBA Stone Forest CPA Co Ltd

上海中新石林会计师事务所有限公司

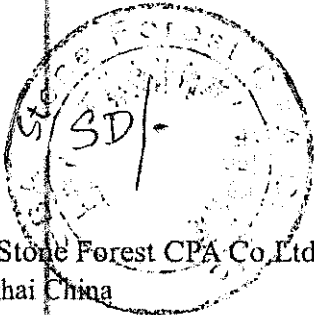
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Opinion

In our opinion, the Company's financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and the financial performance, cash flows and changes in owner's equity of the Company for the year ended in accordance with the Accounting Standards and the Accounting System for Business Enterprises.



SBA Stone Forest CPA Co Ltd
Shanghai China
23 February 2017

BALANCE SHEET

31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

<u>ASSETS</u>	<u>Note</u>	<u>2016.12.31</u>	<u>2015.12.31</u>
Current assets			
Cash at bank and on hand	3	9,323,713.14	3,324,713.08
Accounts receivable	4	17,785,199.87	12,533,399.62
Other receivables	5	9,640,216.46	830,704.69
Prepaid expenses		114,665.11	391,400.91
Total current assets		36,863,794.58	17,080,218.30
Fixed assets			
Fixed assets - Costs	6	22,357,381.65	20,561,090.51
Less: Accumulated depreciation	6	(19,562,352.65)	(19,397,446.51)
Fixed assets - Net	6	2,795,029.00	1,163,644.00
TOTAL ASSETS		39,658,823.58	18,243,862.30

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

SD/-
Manoj Kumar Nagpaul

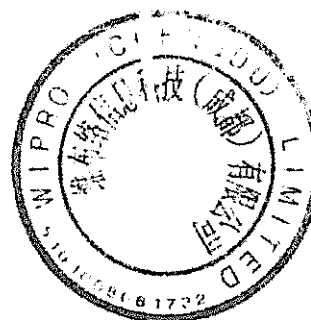
Person in charge of the Company

Date: 23 February 2017

MANOJ
KUMAR
NAGPAUL

SD/-
Venkatesh Bhat

Person in charge of accounting department



BALANCE SHEET (continued)

31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>2016.12.31</u>	<u>2015.12.31</u>
Current liabilities			
Accounts payable		36,635,908.00	32,863,027.02
Taxes payable	7	54,657.34	189,833.60
Other creditors		8,215,197.54	322,427.57
Accrued expenses		4,031,440.43	2,593,872.69
Total current liabilities		48,937,203.31	35,969,160.88
Total liabilities		48,937,203.31	35,969,160.88
Owners' equity			
Paid-in capital	8	14,406,700.00	3,411,950.00
Accumulated losses	9	(23,685,079.73)	(21,137,248.58)
Total owners' equity		(9,278,379.73)	(17,725,298.58)
TOTAL LIABILITIES AND OWNERS' EQUITY		39,658,823.58	18,243,862.30

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

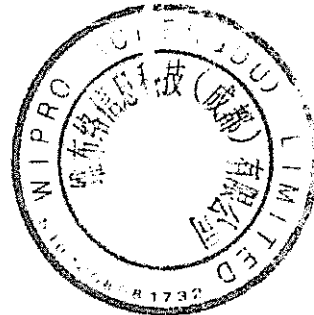
SD/-

Manoj Kumar Nagpaul
 Person in charge of the Company
 Date: 23 February 2017



SD/-

Venkatesh Bhat
 Person in charge of accounting department



INCOME STATEMENT

For the Year Ended 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	<u>Note</u>	<u>Year2016</u>	<u>Year2015</u>
Sales from main operations	10	50,909,722.75	45,213,310.98
Less: Cost of main operations		(42,635,682.24)	(24,565,407.01)
Tax and levies on main operations		(87,354.13)	(159,082.46)
Profit from main operations		8,186,686.38	20,488,821.51
Add: Profit from other operations		477,358.79	-
Less: General and administrative expenses		(11,791,506.79)	(21,098,927.77)
Financial expenses	11	832,200.36	(408,134.05)
Operating loss		(2,295,261.26)	(1,018,240.31)
Add: Subsidy income		-	433,858.20
Non-operating income		(252,569.89)	9,833.48
Total loss		(2,547,831.15)	(574,548.63)
Less: Income tax		-	-
Net loss		(2,547,831.15)	(574,548.63)

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

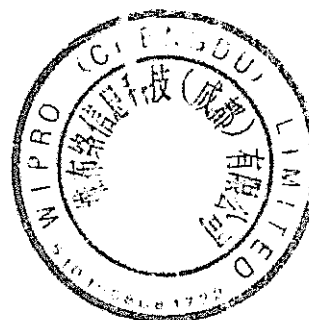
SD/-

Manoj Kumar Nagpaul
 Person in charge of the Company
 Date: 23 February 2017



SD/-

Venkatesh Bhat
 Person in charge of accounting department



WIPRO (CHENGDU) LIMITED

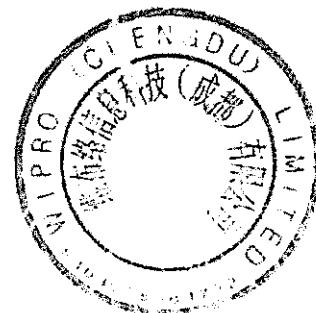
CASH FLOW STATEMENT

For the Year Ended 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	<u>2016</u>	<u>2015</u>
Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	47,460,182.01	52,887,334.09
Cash received from other operating activities	7,940,155.17	498,684.85
Sub-total of cash inflows	<u>55,400,337.18</u>	<u>53,386,018.94</u>
Cash paid for goods and services	(39,992,162.40)	(17,994,428.95)
Cash paid to and on behalf of employees	(5,911,520.40)	(11,263,188.23)
Payments of taxes and levies	(431,868.13)	(1,077,108.09)
Cash paid relating to other operating activities	(13,258,453.85)	(7,915,826.48)
Sub-total of cash outflows	<u>(59,594,004.78)</u>	<u>(38,250,551.75)</u>
Net cash flows from operating activities	<u>(4,193,667.60)</u>	<u>15,135,467.19</u>
Cash flows from investing activities		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,796,291.14)	(14,562.00)
Net cash flows from investing activities	<u>(1,796,291.14)</u>	<u>(14,562.00)</u>
Cash flows from financing activities:		
Cash received from capital contributions	10,994,750.00	-
Cash repayments of amounts borrowed	-	(14,025,341.00)
Cash payments for interest expenses and distribution of dividends	-	(576,858.26)
Net cash flows from financing activities	<u>10,994,750.00</u>	<u>(14,602,199.26)</u>
Effect of foreign exchange rate changes on cash & cash equivalents	<u>994,208.80</u>	<u>(78,728.70)</u>
Net increase in cash and cash equivalents	<u>5,999,000.06</u>	<u>439,977.23</u>

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



CASH FLOW STATEMENT (continued)

For the Year Ended 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

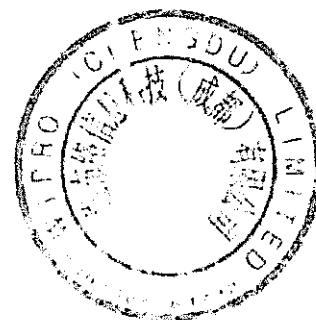
	<u>2016</u>	<u>2015</u>
Reconciliation of net income to cash flows from operating activities:		
Net loss	(2,547,831.15)	(574,548.63)
Add: Depreciation of fixed assets	164,906.14	2,561,912.31
(Increase)/decrease in prepaid expenses	276,735.80	(273,190.35)
Increase/(decrease) in accrued expenses	1,437,567.74	(521,726.33)
Financial expenses	(994,208.80)	655,586.96
(Increase)/decrease in operating receivables	(14,061,312.02)	13,498,780.72
Increase/(decrease) in operating payables	11,530,474.69	(211,347.49)
Net cash flows from operating activities	<u>(4,193,667.60)</u>	<u>15,135,467.19</u>
Net increase in cash and cash equivalents		
Cash at the end of the year	9,323,713.14	3,324,713.08
Less: Cash at the beginning of the year	(3,324,713.08)	(2,884,735.85)
Net Increase in cash and cash equivalents	<u>5,999,000.06</u>	<u>439,977.23</u>

The accompanying notes form an integral part of these financial statement

SD/-
 Manoj Kumar Nagpaul
 Person in charge of the Company
 Date: 23 February 2017



SD/-
 Venkatesh Bhat
 Person in charge of Accounting department



STATEMENT OF CHANGES IN OWNERS' EQUITY

For the Year Ended 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	Paid-in capital RMB	Accumulated losses RMB	Total owners' equity RMB
Balance at 31 December 2014	3,411,950.00	(20,562,699.95)	(17,150,749.95)
Movements in 2015			
Net loss for 2015	-	(574,548.63)	(574,548.63)
Balance at 31 December 2015	3,411,950.00	(21,137,248.58)	(17,725,298.58)
Movements in 2016			
Capital	10,994,750.00	-	10,994,750.00
Net loss for 2016	-	(2,547,831.15)	(2,547,831.15)
Balance at 31 December 2016	14,406,700.00	(23,685,079.73)	(9,278,379.73)

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

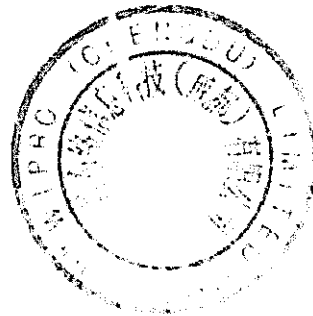
SD/-

Manoj Kumar Nagpaul
 Person in charge of the Company
 Date: 23 February 2017

MANOJ
 KUMAR
 NAGPAUL

SD/-

Venkatesh Bhat
 Person in charge of accounting department



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

1 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Wipro (Chengdu) Limited ("the Company") is a wholly foreign-owned limited liability company incorporated in Chengdu of the People's Republic of China by Wipro Limited (India) and Wipro Networks Pte. Limited on 14 November 2008. The registered capital of the Company is USD2,200,000.00. The Company has an approved operating period of twenty years.

The Company's principal activities include research, development & manufacture of computer software, sales of its own products; consultation and service of relevant IT technology; Computer hardware and related equipment (does not involve the state trading commodity, the quota and license management products, according to relevant state regulations apply) wholesale, import and export, commission agent (exclude auction); design, testing and maintenance of system integration; data processing of air tickets booking and cancellation service (exclude sales), customers communication and customers information input and processing through audio media and internet and the relevant customer consultation and supporting service; consultation on technology information, business management, logistic management and financial management and outsourcing service (to acquire Operating Permit if administrative permit is concerned).

As at 31 December 2016, the Company's total owner's equity is RMB(9,278,379.73). However, the financial statements of the Company have been prepared under the going concern basis as the investing party Wipro Limited is committed to funding the Company for the foreseeable future to the extent necessary to enable it to continue to trade and meet its liabilities as they fall due.

2 PRINCIPAL ACCOUNTING POLICIES

(1) Accounting standard and system

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises and the relevant regulations as promulgated by the Ministry of Finance of the People's Republic of China.

(2) Accounting period

The company's accounting year starts on 1 January and ends on 31 December.

(3) Functional currency

The company's functional currency is Renminbi.

(4) Basis of accounting and measurement bases

The company uses the accrual method as its basis of accounting. Assets are initially recorded at their acquired costs.

(5) Foreign currencies

Transactions arising in foreign currencies are translated into RMB at MECKLAI exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary assets and liabilities are translated into RMB at MECKLAI at that date. Exchange differences arising from these translations are expensed.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated MECKLAI exchange rates at the date of contribution.

(6) Cash and cash equivalents

Cash refers to all cash on hand and cash deposits. Cash equivalents refer to short-term and highly-liquid investments that readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Receivables and provisions for bad debts

Receivables comprise accounts receivable and other receivables which are presented at actual amounts net of provision for bad debts.

Provision for bad debts is made based on an assessment of the recoverability of receivables. Specific provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible.:

Aging of receivables	Percentage for bad debts provision
Due between 1 to 180 days	0%
Due between 181 to 360 days	35%
Due over 361 days	100%

Bad debts are written off when there is objective evidence that the Company will not be able to collect all amounts due.

(8) Fixed assets and depreciation

Fixed assets are assets with a useful life over one year, such as office and electronic equipment and renovation. Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets should be examined item by item at the balance sheet date. If the book value of those assets are lower than their recoverable amounts as a result of continuous decline in market value or technological obsolescence, spoilage and idleness over a long time, a provision for impairment of fixed assets should be accounted to current profit and loss accounts according to the difference between the recoverable amounts and book value of those fixed assets. A provision for impairment of fixed assets is made on a single item basis.

Fixed assets are depreciated using the straight-line method to write off the cost of the asset to their estimated residual values over their estimated useful lives. The estimated useful lives, annual depreciation rate and estimated residual values are as follows:

Type	Estimated useful lives	Annual depreciation rate	Residual value
Computer	2-4 years	24.75%-49.50%	1.00
Office and other equipment	5-21 years	4.71%-19.80%	1.00
Decoration	5 years	19.80%	1.00

(9) Loan

Borrowings are initially recorded at the amount of the proceeds received. Ancillary costs incurred in connection with the borrowings are expensed to current profit and loss accounts.

Borrowing costs, including interest, ancillary costs and exchange differences, incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets when capital expenditures and borrowing costs are incurred and the activities have commenced to enable the assets to be ready for their intended use. The capitalization of borrowing costs ceases when the assets are ready for their intended use. All the other borrowing costs are expense.

(10) Revenue recognition

Rendering of services

For services that are started and completed within the same accounting year, revenue is recognized at the time of completion of the services. When the provision of service is started and completed in difference accounting years and the outcome of the transaction involving the rendering of services can be estimated reliably, the Company recognizes the service revenue at the balance sheet date using the percentage of completion method. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, the service revenue is recognized based on the portion of the cost of service that are expect to be recovered and the costs incurred are charged off as expenses of the current period. When the whole costs incurred are not expected to be covered, they are charged off as expenses of the current period and no revenue is recognized.

Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(11) Employee social insurance and welfare

Chinese employees join the social insurance system established and managed by the government. The system comprises retirement insurance, hospitalization insurance, housing accumulated fund and other social insurance system. Except the presented social insurance, there's no other significant welfare.

According to regulations, insurances and accumulation fund paid to labour and social insurance institutions are based on accrued payroll and can't exceed certain limited. The rates for insurances and accumulated fund are as follows:

	Percentage
Pension insurance	19.00%
Medical insurance	7.50%
Unemployment insurance	0.60%
Pregnancy insurance	0.50%
Injury insurance	0.14%
Housing fund	10.00%

(12) Accounting for income tax

The Company accounts for enterprise income tax using the tax payable method. Under this method, income tax expenses recorded in the current year are the same as income tax payable as at the balance sheet date.

3 CASH AT BANK AND IN HAND

	2016.12.31	2015.12.31
Cash at bank	8,323,652.14	3,324,713.08
	1,000,061.00	-
	9,323,713.14	3,324,713.08

4 ACCOUNT RECEIVABLES

	2016.12.31			2015.12.31		
	Accounts	%	Provision for bad debts	Accounts	%	Provision for bad debts
Within 1 year	17,104,838.11	95%	(84,823.00)	11,598,200.53	93%	-
Between 1 to 2 years	641,081.78	4%		1,044,519.87	7%	(109,320.78)
over 2 years	124,102.98	1%		-		-
Total	17,870,022.87	100%	(84,823.00)	12,642,720.40	100%	(109,320.78)

5 OTHER RECEIVABLES

	2016.12.31			2015.12.31		
	Accounts	%	Provision for bad debts	Accounts	%	Provision for bad debts
Within 1 year	9,640,216.46	100%	-	830,704.69	100%	-

6 FIXED ASSETS

	Office and other equipment	Computer	Decoration	Total
Cost				
2016.1.1	8,605,997.01	5,903,433.08	6,051,660.42	20,561,090.51
Additions	149,159.48	2,955,608.66	10,653.00	3,115,421.14
Disposals	-	(1,319,130.00)	-	(1,319,130.00)
2016.12.31	8,755,156.49	7,539,911.74	6,062,313.42	22,357,381.65
Accumulated depreciation				
2016.1.1	8,407,190.01	5,180,766.08	5,809,490.42	19,397,446.51
Charge for the year	57,707.48	1,308,230.66	94,216.00	1,460,154.14
Disposals	-	(1,295,248.00)	-	(1,295,248.00)
2016.12.31	8,464,897.49	5,193,748.74	5,903,706.42	19,562,352.65
Net book value				
2016.12.31	290,259.00	2,346,163.00	158,607.00	2,795,029.00
2015.12.31	198,807.00	722,667.00	242,170.00	1,163,644.00

7 TAXES PAYABLE

	2016.12.31	2015.12.31
Value added tax	(85,152.63)	63,821.79
Individual income tax	139,809.97	126,011.81
	54,657.34	189,833.60

(1) Enterprise income taxes

The applicable enterprise income tax is 15% (Year 2015: 15%).

(2) Value added tax ("VAT")

Value added tax ("VAT") payable is the net difference between VAT output and deductible VAT input. The Company's sales products are subject to VAT. The applicable tax rate for rendering of services is 6% (Year 2015: 6%).

8 PAID-IN CAPITAL

		2016.1.1	Increase	2016.12.31
Wipro Limited	RMB	3,411,950.00	-	3,411,950.00
Wipro Networks Pte. Limited		-	10,994,750.00	10,994,750.00
		<u>3,411,950.00</u>	<u>10,994,750.00</u>	<u>14,406,700.00</u>
Wipro Limited	USD	500,000.00	-	500,000.00
Wipro Networks Pte. Limited		-	1,700,000.00	1,700,000.00
		<u>500,000.00</u>	<u>1,700,000.00</u>	<u>2,200,000.00</u>

The paid-in capital has been verified by Sichuan Jianke Public Accountants Co., Ltd. With No.(2009) 028 Capital Verification Report., Shanghai LSC Public Accountants Co., Ltd. With No.(2016) 002 Capital Verification Report.

9 ACCUMULATED LOSSES

	2016.12.31	2015.12.31
Closing balance of accumulated losses stated in last year annual report	(21,137,248.58)	(20,521,849.32)
Retrospective adjustments	-	(40,850.63)
Accumulated losses at beginning of year after adjustments	<u>(21,137,248.58)</u>	<u>(20,562,699.95)</u>
Current year net loss	(2,547,831.15)	(574,548.63)
Accumulated losses at end of year	<u>(23,685,079.73)</u>	<u>(21,137,248.58)</u>

10 REVENUE

	Year 2016	Year 2015
Income rendering from services	<u>50,909,722.75</u>	<u>45,213,310.98</u>

11 FINANCIAL EXPENSES

	Year 2016	Year 2015
Interest expenses	2,656.18	576,448.26
Interest income	(19,023.98)	(104,596.68)
Exchange losses	(823,766.21)	(71,831.74)
Bank charges	7,933.65	8,114.21
	<u>(832,200.36)</u>	<u>408,134.05</u>

12 SIGNIFICANT RELATED PARTIES AND TRANSACTIONS

(1) Related party with controlling relationships

Name of company	Registered address	Relationship	Type of company
Wipro Limited	India	Investor	Overseas company

(2) Related party without controlling relationships

Name of related party	Type of Company
Wipro (Shanghai) Limited	Same group company
Wipro Travel Services Ltd	Same group company
Wipro LLC	Same group company

(3) Related party transactions

i. Sales

Name of related party	Transactions	Year 2016	Year 2015
Wipro Limited	Income of technical services	20,550,912.97	13,388,786.00
Wipro (Shanghai) Limited		127,696.00	378,804.00
Wipro LLC		275,360.09	3,905,265.00
		<u>20,953,969.06</u>	<u>17,672,855.00</u>

ii. Purchases

Name of related party	Transactions	Year 2016	Year 2015
Wipro Limited	Purchase of technical services	-	3,825,960.00
Wipro (Shanghai) Limited		5,534,966.19	3,032,169.00
		<u>5,534,966.19</u>	<u>6,858,129.00</u>

iii. Amounts due from/to related party

Accounts	Name of related party	2016.12.31	2015.12.31
Accounts receivable	Wipro Limited	6,863,620.31	3,680,148.04
	Wipro (Shanghai) Limited	765,139.96	765,486.15
	Wipro LLC	-	481,441.53
		<u>7,628,760.27</u>	<u>4,927,075.72</u>
Other receivables	Wipro Technologies	<u>9,141,651.64</u>	<u>-</u>
Accounts payable	Wipro Limited	27,236,523.95	27,236,523.95
	Wipro (Shanghai) Limited	9,382,597.88	5,576,221.07
	Wipro Travel Services Ltd	16,786.17	-
		<u>36,635,908.00</u>	<u>32,812,745.02</u>
Other payables	Wipro Limited	882,554.87	-
	Wipro (Shanghai) Limited	7,332,587.32	7,277,445.55
	Wipro Travel Services Ltd	-	6,767.74
		<u>8,215,142.19</u>	<u>7,284,213.29</u>

The previous year figures of Other Receivables and Other Payable are reported on a Net basis and current year figures are reported on a gross basis.

13 CONTINGENCIES

As at 31 December 2016, there are no material contingent liabilities which need disclosure.

14 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As at the approval date of the financial statements, there are no post balance sheet events incurred which need disclosure.

15 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Company on 23 February 2017.