

Wipro (Shanghai) Limited

Auditor's Report and Financial Statements

For the Year Ended December 31, 2017

Wipro (Shanghai) Limited
Auditor's Report and Financial Statements
(For the Year Ended December 31, 2017)

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Auditor's Report

PCPAR (2018) No. ZA40900

To shareholders of Wipro (Shanghai) Limited,

Opinion

We have audited the accompanying financial statements of Wipro (Shanghai) Limited (hereafter referred to as "the Company"), which comprise the statement of financial position as at December 31, 2017, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the reporting year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year ended in accordance with Accounting Standards for Business Enterprises.

Basis for opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Conduct and Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for devising and maintaining a system of internal accounting controls necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Accounting Standards for Business Enterprises will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Accounting Standards for Business Enterprises, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Shu Lun Pan Certified Public Accountants LLP Certified Public Accountant of China

Sd/-

Lin Zhen

Li Ke

Shanghai, China

Date: 24 May, 2018

This Auditor's report and the accompanying notes to the financial statements are English translation of the Chinese Auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Wipro (Shanghai) Limited
Statement of Financial Position
As at December 31, 2017

(All the amounts are denominated in CNY unless otherwise stated.)

Assets	Notes	As at December 31, 2017	As at December 31, 2016
Current assets:			
Cash and cash equivalents	5.1	7,820,602.60	3,173,872.70
Financial assets measured at fair value through profit and loss		-	-
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	5.2	26,711,708.42	18,732,368.62
Advances to suppliers	5.3	389,660.08	1,367,113.12
Interest receivable		-	-
Dividends receivable		-	-
Other receivables	5.4	34,728,296.39	32,687,049.84
Inventories		-	-
Assets held for sale		-	-
Non-current assets maturing within one year		-	-
Other current assets	5.5	1,064,457.07	1,693,602.42
Total current assets		70,714,724.56	57,654,006.70
Non-current assets:			
Available-for-sale financial assets		-	-
Held-to-maturity investments		-	-
Long-term receivables	5.6	4,066,109.67	532,691.13
Long-term equity investments		-	-
Investment properties		-	-
Fixed assets	5.7	13,268,248.79	15,638,641.79
Construction in progress		-	-
Project materials		-	-
Disposal of fixed assets		-	-
Productive biological assets		-	-
Oil and natural gas assets		-	-
Intangible assets		-	-
Development costs		-	-
Goodwill		-	-
Long-term deferred expenses		-	-
Deferred tax assets		-	-
Other non-current assets		-	-
Total non-current assets		17,334,358.46	16,171,332.92
Total assets		88,049,083.02	73,825,339.62

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

Legal Representative: Sd/- Chief Accountant: Sd/- Accountant in Charge: Sd/-

Manoj Nagpaul

Venkatesh Bhat

Venkatesh Bhat

Wipro (Shanghai) Limited
Statement of Financial Position (Continued)
As at December 31, 2017

(All the amounts are denominated in CNY unless otherwise stated.)

Liabilities and owners' equity	Notes	As at December 31, 2017	As at December 31, 2016
Current liabilities:			
Short-term borrowings		-	-
Financial liabilities measured at fair value through profit and loss		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable	5.8	9,631,298.95	10,344,995.64
Advances from customers		-	-
Employee benefits payable	5.9	5,326,391.29	3,648,908.35
Taxes and surcharges payable	5.10	1,009,055.66	3,375,334.22
Interest payable		-	-
Dividends payable		-	-
Other payables	5.11	39,827,391.78	26,496,759.15
Liabilities held for sale		-	-
Non-current liabilities maturing within one year		-	-
Other current liabilities		-	-
Total current liabilities		55,794,137.68	43,865,997.36
Non-current liabilities:			
Long-term borrowings		-	-
Bonds payable		-	-
Including: Preference shares		-	-
Perpetual debts		-	-
Long-term payables		-	-
Long-term employee benefits payable		-	-
Specific items payable		-	-
Provisions		-	-
Deferred income		-	-
Deferred tax liabilities		-	-
Other non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		55,794,137.68	43,865,997.36
Owners' equity:			
Paid-in capital	5.12	10,773,085.00	10,773,085.00
Other equity instruments		-	-
Including: Preference shares		-	-
Perpetual debts		-	-
Capital reserves		-	-
Other comprehensive income		-	-
Specific reserves		-	-
Surplus reserves	5.13	2,150,244.82	1,920,684.51
General risk reserves		-	-
Retained profit	5.14	19,331,615.52	17,265,572.75
Total owners' equity		32,254,945.34	29,959,342.26
Total liabilities and owners' equity		88,049,083.02	73,825,339.62

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

Legal Representative: Sd/-	Chief Accountant: Sd/-	Accountant in Charge: Sd/-
Manoj Nagpaul	Venkatesh Bhat	Venkatesh Bhat

Wipro (Shanghai) Limited
Statement of Comprehensive Income
For the Year Ended December 31, 2017
(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	2017	2016
1. Revenue from operations	5.15	72,994,144.93	89,865,747.16
Less: Cost of operations	5.15	61,613,211.91	76,705,289.02
Taxes and surcharges	5.16	26,040.16	203,804.38
Selling and distribution expenses		201,022.35	622,986.51
General and administrative expenses		6,436,260.77	15,692,593.86
Financial expenses	5.17	275,367.18	-921,780.70
Impairment of assets	5.18	1,170,078.70	465,351.25
Plus: Gain on changes in fair value (“-” for loss)		-	-
Investment income (“-” for loss)		-	-
Including: Investment income from associates and joint ventures		-	-
Gain on disposal of assets (“-” for loss)	5.19	2,200.00	6,169,031.33
Other income		-	-
2. Profit from operations (“-” for loss)		3,274,363.86	3,266,534.17
Plus: Non-operating income	5.20	82,804.28	1,393,706.79
Less: Non-operating expenses	5.21	-	2,254.33
3. Profit before tax (“-” for loss)		3,357,168.14	4,657,986.63
Less: Income tax expenses	5.22	1,061,565.06	21,106.09
4. Net profit (“-” for loss)		2,295,603.08	4,636,880.54
Gain or loss from continued operations		2,295,603.08	4,636,880.54
Gain or loss from discontinued operations		-	-
5. Other comprehensive income net of tax			
(1) Other comprehensive income not to be reclassified as profit or loss			
(i) Movements arising from remeasurements of net liabilities or assets of the defined benefit plan		-	-
(ii) Shares of other comprehensive income not to be reclassified as profit or loss in the investee under the equity method		-	-
(2) Other comprehensive income to be reclassified as profit or loss			
(i) Shares of other comprehensive income to be reclassified as profit or loss in the investee under the equity method		-	-
(ii) Gain on changes in fair value of available-for-sale financial assets (“-” for loss)		-	-
(iii) Held-to-maturity investments reclassified as gain on available-for-sale financial assets (“-” for loss)		-	-
(iv) Effective gain on hedged cash flows (“-” for loss)		-	-
(v) Differences arising from the translation of foreign currency financial statements		-	-
(vi) Others		-	-
6. Total comprehensive income		2,295,603.08	4,636,880.54

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

Legal Representative: Sd/- Chief Accountant: Sd/- Accountant in Charge: Sd/-
Manoj Nagpaul Venkatesh Bhat Venkatesh Bhat

Wipro (Shanghai) Limited
Statement of Cash Flows
For the Year Ended December 31, 2017
(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	2017	2016
1. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services		61,563,564.03	102,915,428.42
Cash receipts of tax refunds		-	-
Other cash receipts relating to operating activities		16,023,582.38	19,734,314.75
Sub-total of cash inflows from operating activities		77,587,146.41	122,649,743.17
Cash payments for goods purchased and services received		14,720,259.44	82,563,056.15
Cash payments to and on behalf of employees		40,135,615.98	16,806,526.07
Cash payments of all types of taxes and surcharges		3,453,883.78	330,971.63
Other cash payments relating to operating activities		8,076,373.63	30,904,581.33
Sub-total of cash outflows from operating activities		66,383,132.83	130,605,135.18
Net cash flows from operating activities	5.23	11,201,013.58	-7,955,392.01
2. Cash flows from investing activities			
Cash receipts from disposal and redemption of investments		-	-
Cash receipts from returns on investments		-	-
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,636,756.00	4,991,380.82
Net cash receipts from disposal of subsidiaries and other business units		-	-
Other cash receipts relating to investing activities		-	-
Sub-total of cash inflows from investing activities		2,636,756.00	4,991,380.82
Cash payments to purchase or construct fixed assets, intangible assets and other long-term assets		8,757,266.68	20,972,224.72
Cash payments to acquire investments		-	-
Net cash payments for acquisitions of subsidiaries and other business units		-	-
Other cash payments relating to investing activities		-	-
Sub-total of cash outflows from investing activities		8,757,266.68	20,972,224.72
Net cash flows from investing activities		-6,120,510.68	-15,980,843.90
3. Cash flows from financing activities			
Cash receipts from investments		-	-
Cash receipts from absorption of borrowings		-	-
Cash receipts from issuance of bonds		-	-
Other cash receipts relating to financing activities		-	-
Sub-total of cash inflows from financing activities		-	-
Cash repayments of borrowings		-	-
Cash payments for distribution of dividends, profits, or interest expenses		-	-
Other cash payments relating to financing activities		-	-
Sub-total of cash outflows from financing activities		-	-
Net cash flows from financing activities		-	-
4. Effect of foreign exchange rate changes on cash and cash equivalents		-433,773.00	798,122.14
5. Net increase in cash and cash equivalents	5.23	4,646,729.90	-23,138,113.77
Plus: Opening balance of cash and cash equivalents		3,173,872.70	26,311,986.47
6. Closing balance of cash and cash equivalents	5.23	7,820,602.60	3,173,872.70

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

Legal Representative: Sd/- Chief Accountant: Sd/- Accountant in Charge: Sd/-

Manoj Nagpaul

Venkatesh Bhat

Venkatesh Bhat

Wipro (Shanghai) Limited
Statement of Changes in Equity
For the Year Ended December 31, 2017
(All the amounts are denominated in CNY unless otherwise stated.)

Items	2017							
	Paid-in capital	Other equity instruments			Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves
		Preference shares	Perpetual debts	Others				
1. Balance as at December 31, 2016	10,773,085.00	-	-	-	-	-	-	1,920,600.00
Plus: Adjustments for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustments for correction of accounting errors in prior periods	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
2. Balance as at January 1, 2017	10,773,085.00							1,920,600.00
3. Increase in 2017 (“-” for decrease)								229,500.00
(1) Total comprehensive income	-	-	-	-	-	-	-	-
(2) Capital contributions or withdrawals by owners								
(i) Capital contributions by owners	-	-	-	-	-	-	-	-
(ii) Capital contributions by other equity instrument holders	-	-	-	-	-	-	-	-
(iii) Share-based payments charged into owners’ equity	-	-	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-	-	-
(3) Profit distribution								229,500.00
(i) Appropriation for surplus reserves	-	-	-	-	-	-	-	229,500.00
(ii) Appropriation for general risk reserves	-	-	-	-	-	-	-	-
(iii) Profit distribution to owners (or shareholders)	-	-	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-	-	-
(4) Internal transfer of owners’ equity								
(i) Transfer of capital reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-
(ii) Transfer of surplus reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-
(iii) Surplus reserve covering losses	-	-	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-	-	-
(5) Special reserves								
(i) Appropriation during the current period	-	-	-	-	-	-	-	-
(ii) Consumption during the current period	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-
4. Balance as at December 31, 2017	10,773,085.00							2,150,200.00

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

Legal Representative: Sd/-
Manoj Nagpaul

Chief Accountant: Sd/-
Venkatesh Bhat

Accountant in Charge: Sd/-
Venkatesh Bhat

Wipro (Shanghai) Limited
Statement of Changes in Equity (Continued)
For the Year Ended December 31, 2017
(All the amounts are denominated in CNY unless otherwise stated.)

Items	2016										
	Paid-in capital	Other equity instruments			Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Retained profit	Total owners' equity
		Preference shares	Perpetual debts	Others							
1. Balance as at December 31, 2015	10,773,085.00	-	-	-	-	-	-	-	-	14,549,376.72	25,322,461.72
Plus: Adjustments for changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Adjustments for correction of accounting errors in prior periods	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
2. Balance as at January 1, 2016	10,773,085.00									14,549,376.72	25,322,461.72
3. Increase in 2016 ("-" for decrease)							1,920,684.51			2,716,196.03	4,636,880.54
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	4,636,880.54	4,636,880.54
(2) Capital contributions or withdrawals by owners											
(i) Capital contributions by owners	-	-	-	-	-	-	-	-	-	-	-
(ii) Capital contributions by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-
(iii) Share-based payments charged into owners' equity	-	-	-	-	-	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution								1,920,684.51		-1,920,684.51	
(i) Appropriation for surplus reserves	-	-	-	-	-	-	-	1,920,684.51	-	-1,920,684.51	
(ii) Appropriation for general risk reserves	-	-	-	-	-	-	-	-	-	-	
(iii) Profit distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	
(iv) Others	-	-	-	-	-	-	-	-	-	-	
(4) Internal transfer of owners' equity											
(i) Transfer of capital reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-	-	-	
(ii) Transfer of surplus reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-	-	-	
(iii) Surplus reserve covering losses	-	-	-	-	-	-	-	-	-	-	
(iv) Others	-	-	-	-	-	-	-	-	-	-	
(5) Special reserves											
(i) Appropriation during the current period	-	-	-	-	-	-	-	-	-	-	
(ii) Consumption during the current period	-	-	-	-	-	-	-	-	-	-	
(6) Others	-	-	-	-	-	-	-	-	-	-	
4. Balance as at December 31, 2016	10,773,085.00							1,920,684.51		17,265,572.75	29,959,342.26

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

Legal Representative: Sd/-

Chief Accountant: Sd/-

Accountant in Charge: Sd/-

Manoj Nagpaul

Venkatesh Bhat

Venkatesh Bhat

Wipro (Shanghai) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(All the amounts are denominated in CNY unless otherwise stated.)

1. Company profile

Wipro (Shanghai) Limited (“the Company”), invested by Wipro Limited and Wipro Singapore Pte Limited, is a foreign joint venture limited liability company approved to be established in Shanghai province on 27 April, 2004.

Its uniform social credit code No. is 91310000761626497X.

As of December 31, 2017, its registered capital is USD 1,650,000.00. The Company is located in Room 156, Leigers Chang Xing mansion, 1 / F, Changxing building, 888 Bi Bo Road, Pudong New Area, Shanghai.

As at 25 March, 2015 Wipro Singapore Pte Limited transferred all the shares held to Wipro Cyprus Pte Limited by approved

The Company is mainly engaged in R & D, development, produce of company software, sales of self produced products, provide relevent technical advice and technical services; design, debugging and maintenance of system integration; air ticket booking and cancellation of business data processing services; through voice and Internet media in customer contact, customer information input and solve, and related customer consultation and expenditure service; scientific and technological information consultation, company management consulting, logistics management consulting, and financial management consulation and outsourcing services.

2. Basis of preparation for financial statements

2.1 Basis of preparation for financial statements

The Company recognizes and measures its accounting items on a going concern basis in compliance with the Accounting Standards for Business Enterprises – Basic Standards and specific accounting standards, the Application Guidance on the Accounting Standards for Business Enterprises, the Explanation on the Accounting Standards for Business Enterprises, and other relevant regulations published by the Ministry of Finance (all of which known as “the Accounting Standards for Business Enterprises”) on the basis of actual transactions and events, and prepares its financial statements on the above basis.

2.2 Going concern

The Company is able to continue to operate as a going concern for the foreseeable future since the end of the reporting period, and there are no significant events affecting its ability to continue as a going concern.

3. Principal accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

3.2 Accounting year

The accounting year is from January 1 to December 31.

3.3 Accounting cycle

The Company's accounting cycle is 12 months.

3.4 Functional currency

The Company adopts CNY as the functional currency.

3.5 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash equivalents" refers to short-term (maturing within three months on acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.6 Accounting for foreign currency transactions

Transactions arising in foreign currencies are translated into RMB at exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary assets and liabilities are translated into RMB 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 exchange rates at the date of contribution.

3.7 Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

3.7.1 Recognition and measurement of financial instruments

Receivables

The debtors arising from selling goods or rendering services by the Company and other debtors from other enterprises held by the Company (excluding liability instruments quoted in an active market), including accounts receivable, other receivables, etc., are initially recognized at the contract or agreement price. If the receivable is financing in nature, it shall be initially recognized at present value.

Differences between the amounts received and book value of the receivables are charged profit or loss for the current period upon collection or disposal

3.8 Allowance for bad debts of receivables

Separate impairment tests are performed on the individually material receivables. For individually immaterial receivables, they are tested for impairment separately or as part of a portfolio with similar credit risk features. Receivables with no indication of impairment as the result of the separate impairment test (including both individually material and immaterial receivables) are tested for impairment as part of a portfolio with similar credit risk features. Receivables written down as the result of the separate impairment test are not tested for impairment again as part of a portfolio with similar credit risk features.

Among which, allowance for bad debts made by aging analysis:

Aging	Proportion of allowance for bad debts of accounts receivable (%)
Within 180 days	0.00
181 to 360 days	35.00
Over 360 days	100.00

3.9 Fixed assets

3.9.1 Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when all the following criteria are satisfied:

- i) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- ii) The costs of the fixed assets can be measured reliably.

3.9.2 Depreciation methods of fixed assets

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. If the useful lives of various categories of fixed assets are different, or economic benefits are generated from various fixed assets in different ways, then different depreciation rates or methods shall be selected by the Company for the fixed assets.

The estimated depreciation methods, depreciation periods, residual rates and annual depreciation rates of fixed assets are listed by their respective categories as follows:

Categories	Depreciation methods	Depreciation periods (years)	Residual rates (%)	Annual depreciation rates (%)
Computer & Equipments	straight-line method	2-4	0.00	24.75-49.50
Office Equipment	straight-line method	5-21	0.00	4.71-19.80
Furniture and Fixture	straight-line method	5	0.00	19.80

3.10 Employee benefits

3.10.1 Accounting for short-term benefits

The short-term benefits incurred during the period when the employees render services to the Company shall be recognized as liabilities and charged to profit or loss for the current period or costs of relevant assets.

Social insurance fees and housing provident funds paid by the Company for the employees, as well as labor union fees and labor education fees accrued during the period when the employees render services to the Company shall be recognized as employee benefits payable according to the stipulated basis of calculation and proportion.

The employee welfare expenditure in the form of benefits in kind shall be measured at fair value.

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 follow:

Type	Rate
Basic retirement insurance	19.00%
Basic hospitalization insurance	7.50%
Unemployment insurance	0.60%
Maternity insurance	0.80%
Accidental insurance	0.14%
Basic housing accumulated fund	10.00%

3.10.2 Accounting for post-employment benefits

Defined contribution plans

The Company participates in the basic pension schemes and unemployment insurance programs as required by the local government. The Company calculates the amount payable according to the base and proportion of payment stipulated by the local government and recognizes the amount payable as liabilities, and charges it to profit or loss for the current period or includes it in costs of relevant assets.

3.10.3 Accounting for termination benefits

If the Company has no right to revoke plans or offer for termination of the employment relationship or the Company recognizes the cost or expenditure relevant to restructuring involving termination benefits, whichever is earlier, the termination benefits shall be recognized as provisions and charged to profit or loss for the current period.

3.11 Revenue

General principles for recognition of revenue from provide services:

Starting and completing in the same accounting year, the income is confirmed when the service is completed. If the start and completion of the labor service belong to different accounting years, if the result of the labor transaction can be reliably estimated, the relevant labor income will be recognized on the balance sheet date according to the percentage of completion. As a service transaction results can not reliably estimated, the labor cost can be compensated by the compensation amount, to confirm the income, have been labor costs as incurred; if have labor costs can not be compensated by the labor cost has occurred as expense, no revenue.

3.12 Government grants

3.12.1 Classification

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are classified into government grants relating to assets and government grants relating to income.

Government grants relating to assets are those acquired by the Company for the purpose of purchasing, constructing or forming long-term assets in other ways, including fiscal grants for purchase of fixed assets or intangible assets, and subsidized interest for specific loans relating to fixed assets. Government grants relating to income are grants other than those relating to assets.

3.12.2 Accounting treatments

For government grants relating to assets, the carrying amounts of relevant assets shall be reversed, or they are recognized as deferred income and amortized over the useful lives of assets and charged to profit or loss for the current period by stage (those relevant to the normal operations are recognized as other income and those not are recognized as non-operating income).

Government grants relating to income to compensate future expenses or losses shall be recognized as deferred income and shall be charged to profit or loss for the current period (those relevant to the normal operations are recognized as other income and those not are recognized as non-operating income) during the period when the relevant expenses or losses are recognized, or the relevant expenses or losses shall be reversed. The government grants relating to income to compensate incurred expenses or losses shall be directly recognized as profit or loss for the current period (those relevant to the normal operations are recognized as

other income and those not are recognized as non-operating income), or the relevant expenses or losses shall be reversed.

3.13 Leases

3.13.1 Accounting treatments for operating leases

- i) The lease payments for assets acquired under operating leases should be recognized as expenses of the current period over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period.

If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the current period.

- ii) Lease income from assets surrendered under operating leases should be recognized over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income.

If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

3.13.2 Accounting treatments for finance leases

- i) Assets acquired under finance leases: At commencement of the lease terms, assets acquired under finance leases should be recorded at the lower of their fair value and the present value of the minimum lease payments. The Company shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts the effective interest rate method. The unrecognized finance charges shall be amortized over the lease terms as finance expenses. Initial direct costs incurred by the Company shall be included in the costs of leased assets.
- ii) Assets surrendered under finance leases: At commencement of the lease terms, the Company shall recognize the differences between the undiscounted rents receivable plus unguaranteed residual value and their present value as unrealized finance income, and shall amortize it over the lease terms as lease income. Initial direct costs relating to lease transactions

incurred by the Company shall be included in the initial measurement of the rents receivable and the lease income recognized over the lease terms shall be reduced accordingly.

3.14 Changes in major accounting policies and accounting estimates

3.14.1 Changes in major accounting policies

3.14.1.1 Implementation of “the Accounting Standards for Business Enterprises No.42 –Non-current assets held for sale, disposal groups and discontinued operations”, “the Accounting Standards for Business Enterprises No.16 – Government grants” and “the Notice on the Revision of the Format of the Financial Statements of General Enterprises for Issuance”.

The Ministry of Finance promulgated “the Accounting Standards for Business Enterprises No.42 – Non-current assets held for sale, disposal groups and discontinued operations” in 2017, which took effect on May 28, 2017, requiring the prospective application method to be adopted for the accounting treatment of non-current assets held for sale, disposal groups and discontinued operations that existed on May 28, 2017.

The Ministry of Finance revised “the Accounting Standards for Business Enterprises No.16 – Government grants” in 2017, which took effect on June 12, 2017, requiring the prospective application method to be adopted for the accounting treatment of government grants that existed on January 1, 2017, and those arising between January 1, 2017 and June 12, 2017 shall be adjusted in accordance with the revised standard.

The Ministry of Finance has promulgated the Notice on the Revision of the Format of the Financial Statements of General Enterprises for Issuance in 2017, which revised the format of the financial statements of general enterprises and is applicable to the financial statements for 2017 and subsequent accounting periods.

Major impacts of the above three standards on the Company are summarized below:

Changes in accounting policies and their reasons	Affected accounting items and amounts
(1) Gain or loss from continued operations and discontinued operations are presented separately in the statement of comprehensive income. Comparative data is adjusted	Gain or loss from continued operations for the reporting period amounted to CNY 2,295,603.08

Changes in accounting policies and their reasons	Affected accounting items and amounts
accordingly.	

3.14.2 Changes in major accounting estimates

None.

4. Taxation

4.1 Major tax types and tax rates

Tax types	Basis of tax assessment	Tax rates
Value added tax (VAT)	Output VAT is calculated and paid on taxable revenue, and VAT is paid at the net amounts after deducting input VAT for the current period.	6%
Urban maintenance and construction tax	Urban maintenance and construction tax is calculated and paid on actually paid business tax, VAT and excise tax.	7%
Education surcharges	Urban maintenance and construction tax is calculated and paid on actually paid business tax, VAT and excise tax.	5%
Corporate income tax	Corporate income tax is calculated and paid on taxable profits.	15%

4.2 Tax incentives and exemptions

None.

5. Notes to the main items of financial statements

5.1 Cash and cash equivalents

Items	As at December 31, 2017	As at December 31, 2016
Cash at bank	7,820,602.60	3,173,872.70
Total	7,820,602.60	3,173,872.70

5.2 Accounts receivable

5.2.1 Aging analysis of accounts receivable

Aging	As at December 31, 2017					As at December 31, 2016				
	Carrying amounts		Allowance for bad debts		Net book value	Carrying amounts		Allowance for bad debts		Net book value
	Amounts	Proportion (%)	Amounts	Proportion (%)		Amounts	Proportion (%)	Amounts	Proportion (%)	
Within 180 days	14,265,607.44	50.35	-	-	14,265,607.44	14,775,452.56	76.96	-	-	14,775,452.56
181 to 360 days	6,312,655.43	22.28	1,153,798.75	18.28	5,158,856.68	1,661,090.91	8.65	-	-	1,661,090.91
Over 361 days	7,752,595.55	27.37	465,351.25	6.00	7,287,244.30	2,761,176.40	14.38	465,351.25	16.85	2,295,825.15
Total	28,330,858.42	100.00	1,619,150.00		26,711,708.42	19,197,719.87	67.76	465,351.25		18,732,368.62

5.2.2 Movements in allowance for bad debts of accounts receivable

Items	As at December 31, 2017	As at December 31, 2016
Opening balances	465,351.25	
Writedowns	1,153,798.75	465,351.25
Reverses		
Writeoffs		
Closing balances	1,619,150.00	465,351.25

5.3 Advances to suppliers

Aging	As at December 31, 2017		As at December 31, 2016	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Within 1 year	318,682.43	81.78	1,367,113.12	100.00
Over 1 year	70,977.65	18.22		
Total	389,660.08	100.00	1,367,113.12	100.00

5.4 Other receivables

5.4.1 Aging analysis of other receivables

Aging	As at December 31, 2017					As at December 31, 2016				
	Carrying amounts		Allowance for bad debts		Net book value	Carrying amounts		Allowance for bad debts		Net book value
	Amounts	Proportion (%)	Amounts	Proportion (%)		Amounts	Proportion (%)	Amounts	Proportion (%)	
Within 1 year	33,608,617.99	96.78			33,608,617.99	31,386,573.93	96.02			31,386,573.93
1 to 2 years	1,402.30	0.00			1,402.30	123,156.38	0.38			123,156.38
2 to 3 years	-	-			-	36,386.80	0.11			36,386.80
Over 3 years	1,118,276.10	3.22			1,118,276.10	1,140,932.73	3.49			1,140,932.73
Total	34,728,296.39	100.00			34,728,296.39	32,687,049.84	94.12			32,687,049.84

5.4.2 Breakdown of other receivables

Items	As at December 31, 2017	As at December 31, 2016
Due from related parties	34,114,004.91	31,406,902.02
Due from employees	62,329.65	128,371.82
Deposits	551,961.83	1,151,776.00
Total	34,728,296.39	32,687,049.84

5.5 Other current assets

Items	As at December 31, 2017	As at December 31, 2016
Deductible input VAT	1,064,457.07	1,693,602.42
Total	1,064,457.07	1,693,602.42

5.6 Long-term receivables

Items	As at December 31, 2017			As at December 31, 2016			Discount rate margin
	Carrying amounts	Allowance for bad debts	Net book value	Carrying amounts	Allowance for bad debts	Net book value	
Due under finance leases	4,066,109.67		4,066,109.67	532,691.13		532,691.13	
Including: Unrealized finance income	77,894.10		77,894.10	17,328.51		17,328.51	
Total	4,066,109.67		4,066,109.67	532,691.13		532,691.13	

5.7 Fixed assets

5.7.1 Breakdown of fixed assets

Items	Office equipment	Computers & equipment	Furniture and Fixture	Total
1. Carrying amounts				
(1) As at December 31, 2016	8,927,853.61	23,817,777.64	5,818,000.94	38,563,632.19
(2) Increases		8,757,266.68		8,757,266.68
—Purchases		8,757,266.68		8,757,266.68
(3) Decreases	7,499.00	3,337,374.98		3,344,873.98
—Disposals or scraps	7,499.00	3,337,374.98		3,344,873.98
(4) As at December 31, 2017	8,920,354.61	29,237,669.34	5,818,000.94	43,976,024.89

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Items	Office equipment	Computers & equipment	Furniture and Fixture	Total
2. Accumulated depreciation				
(1) As at December 31, 2016	7,940,186.61	9,207,158.85	5,777,644.94	22,924,990.40
(2) Increases	254,452.00	8,221,396.68	17,255.00	8,493,103.68
—Accruals	254,452.00	8,221,396.68	17,255.00	8,493,103.68
(3) Decreases	1,495.00	708,822.98		710,317.98
—Disposals or scraps	1,495.00	708,822.98		710,317.98
(4) As at December 31, 2017	8,193,143.61	16,719,732.55	5,794,899.94	30,707,776.10
3. Provision for impairment				
(1) As at December 31, 2016				
(2) Increases				
—Writedowns				
(3) Decreases				
—Disposals or scraps				
(4) As at December 31, 2017				
4. Net book value				
(1) As at December 31, 2017	727,211.00	12,517,936.79	23,101.00	13,268,248.79
(2) As at December 31, 2016	987,667.00	14,610,618.79	40,356.00	15,638,641.79

5.8 Accounts payable

Items	As at December 31, 2017	As at December 31, 2016
Purchases of services	9,631,298.95	10,344,995.64
Total	9,631,298.95	10,344,995.64

5.9 Employee benefits payable

5.9.1 Breakdown of employee benefits payable

Items	As at December 31, 2016	Accruals	Payments	As at December 31, 2017
Short-term benefits	3,648,908.35	40,974,726.87	39,297,243.93	5,326,391.29
Total	3,648,908.35	40,974,726.87	39,297,243.93	5,326,391.29

5.9.2 Breakdown of short-term benefits

Items	As at December 31, 2016	Accruals	Payments	As at December 31, 2017
(1) Salary	3,648,908.35	30,408,875.75	28,731,392.81	5,326,391.29
(2) Bonus, allowance and subsidies		1,623,508.62	1,623,508.62	
(3) Social security contributions		8,942,342.50	8,942,342.50	
Total	3,648,908.35	40,974,726.87	39,297,243.93	5,326,391.29

5.10 Taxes and surcharges payable

Items	As at December 31, 2017	As at December 31, 2016
Corporate income tax	1,009,055.66	3,375,334.22
Total	1,009,055.66	3,375,334.22

5.11 Other payables

Items	As at December 31, 2017	As at December 31, 2016
Due to related parties	38,760,937.60	21,934,915.48
Purchases of equipment	-	951,595.14
Accrued expenses	1,062,911.91	3,608,658.58
Others	3,542.27	1,589.95
Total	39,827,391.78	26,496,759.15

5.12 Paid-in capital

Investees	As at December 31, 2016	Increases	Decreases	As at December 31, 2017
Wipro Limited	1,655,340.00			1,655,340.00
Wipro Cyprus Private Limited	9,117,745.00			9,117,745.00
Total	10,773,085.00			10,773,085.00

5.13 Surplus reserves

Items	As at December 31, 2016	Increases	Decreases	As at December 31, 2017
Statutory surplus reserves	1,920,684.51	229,560.31		2,150,244.82
Total	1,920,684.51	229,560.31		2,150,244.82

5.14 Retained profit

Items	As at December	As at December
	31, 2017	31, 2016
Opening balances of retained profit	17,265,572.75	14,549,376.72
Plus: Net profit ("-" for loss)	2,295,603.08	4,636,880.54
Less: Appropriation of statutory surplus reserves	229,560.31	1,920,684.51
Closing balances of retained profit	19,331,615.52	17,265,572.75

5.15 Revenue from operations and cost of operations

Items	2017		2016	
	Revenue	Cost	Revenue	Cost
Major operations	72,994,144.93	61,613,211.91	89,865,747.16	76,705,289.02
Total	72,994,144.93	61,613,211.91	89,865,747.16	76,705,289.02

5.16 Taxes and surcharges

Items	2017	2016
Tax and surcharges	26,040.16	203,804.38
Total	26,040.16	203,804.38

5.17 Financial expenses

Items	2017	2016
Interest expense		
Less: Interest income	169,048.16	140,390.64
Exchange loss ("-" for gain)	433,773.00	-798,122.14
Others	10,642.34	16,732.08
Total	275,367.18	-921,780.70

5.18 Impairment of assets

Items	2017	2016
Bad debts	1,170,078.70	465,351.25
Total	1,170,078.70	465,351.25

5.19 Gain on disposal of assets

Items	2017	2016
Total gain on disposal of non-current assets	2,200.00	6,169,031.33
Including: Gain on disposal of fixed assets	2,200.00	6,169,031.33
Total	2,200.00	6,169,031.33

5.20 Non-operating income

Items	2017	2016
Government grants	82,804.28	1,393,706.79
Total	82,804.28	1,393,706.79

Government grants recognized as part of non-comprehensive income

Government grant items	2017	2016	Relating to assets/income
Subsidy Income		1,167,658.63	Relating to income
Tax refund	82,804.28	226,048.16	Relating to income
Total	82,804.28	1,393,706.79	

5.21 Non-operating expenses

Items	2017	2016
Penalty		2,254.33
Total		2,254.33

5.22 Income tax expenses

5.22.1 Breakdown of income tax expenses

Items	2017	2016
Current income tax expense	1,061,565.06	21,106.09
Total	1,061,565.06	21,106.09

5.22.2 Reconciliation between income tax expenses and accounting profit

Items	2017	2016
Profit before tax	3,357,168.14	4,657,986.63
Tax computed at statutory (or applicable) tax rate	503,575.22	698,697.99
Effect of non-deductible costs, expenses and losses	202,057.30	241,336.81
Effect of the utilization of recoverable losses for which no deferred tax assets have been recognized in prior periods	355,932.54	-918,928.72
Total income tax expense	1,061,565.06	21,106.09

5.23 Supplementary information of the statement of cash flows

5.23.1 Supplementary information of the statement of cash flows

Items	2017	2016
1. Adjustments to reconcile net profit to net cash flows in operating activities:		
Net profit	2,295,603.08	4,636,880.54
Plus: Provision for impairment of assets	1,170,078.70	465,351.25
Depreciation of fixed assets, etc.	8,493,103.68	3,405,400.24
Amortization of intangible assets		
Amortization of long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-"for gain)	-2,200.00	-6,169,031.33
Loss on scrap of fixed assets ("-"for gain)		
Loss on changes in fair value ("-"for gain)		

Items	2017	2016
Financial expense (“-”for gain)	433,773.00	-798,122.14
Investment loss (“-”for gain)		
Decrease in deferred tax assets (“-” for increase)		
Increase in deferred tax liabilities (“-” for decrease)		
Decrease in inventories (“-”for increase)		
Decrease in operating receivables (“-”for increase)	-13,117,485.20	-22,003,225.00
Increase in operating payables (“-”for decrease)	11,928,140.32	12,507,354.43
Others		
Net cash flows from operating activities	11,201,013.58	-7,955,392.01
2. Significant investing and financing activities not involving cash receipts or payments		
Debt transferred into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net increase in cash and cash equivalents		
Cash at the end of the year	7,820,602.60	3,173,872.70
Less: Cash at the beginning of the year	3,173,872.70	26,311,986.47
Plus: Cash equivalents at the end of the year		
Less: Cash equivalents at the beginning of the year		
Net increase in cash and cash equivalents	4,646,729.90	-23,138,113.77

5.23.2 Breakdown of cash and cash equivalents

Items	2017	2016
1. Cash	7,820,602.60	3,173,872.70
Including: Cash on hand		
Cash at bank readily available for payments	7,820,602.60	3,173,872.70
Other cash and cash equivalents readily available for payments		
2. Cash equivalents		

Items	2017	2016
Including: Debt investments maturing within three years		
3. Balance of cash and cash equivalents at the end of the year	7,820,602.60	3,173,872.70

6. Related parties and related party transactions

6.1 The parent of the Company

Parent company	Registered location	Shares held by the parent company (%)	Voting rights held by the parent company (%)
Wipro Limited	India	15.37	15.37
Wipro Cyprus Private Limited	Cyprus	84.63	84.63

The ultimate controller of the Company is Wipro Limited.

6.2 Other related parties of the Company

Other related parties	Relationship with the Company
Wipro Limited	Ultimate holding company
PT WT Indonesia	Controlled by the same ultimate holding company
Wipro (Chengdu) Limited	Controlled by the same ultimate holding company
Wipro (Dalian) Limited	Controlled by the same ultimate holding company
Wipro LLC	Controlled by the same ultimate holding company
Wipro Technologies GmbH	Controlled by the same ultimate holding company
Wipro Travel Services Limited	Controlled by the same ultimate holding company

6.3 Related party transactions

6.3.1 Sale of goods/provision of services and purchase of goods/receipt of services

Purchase of goods/receipt of services

Related parties	Description of transactions	2017	2016
Wipro (Chengdu) Limited	Receipt of services	1,326,034.33	127,696.00
Wipro Dalian Ltd	Receipt of services	4,996,746.92	-
Wipro Limited	Receipt of services	409,625.46	3,279,831.53
Wipro Travel Services Ltd	Receipt of services	52,032.37	-

Sale of goods/provision of services

Related parties	Description of transactions	2017	2016
Wipro (Chengdu) Limited	Provision of services	3,750,575.69	5,534,966.19
Wipro LLC	Provision of services	266,166.27	659,847.62
Wipro Limited	Provision of services	21,057,668.75	27,254,965.13

6.4 Receivables and payables with related parties

6.4.1 Receivables

Items	Related parties	As at December 31, 2017		As at December 31, 2016	
		Carrying amounts	Allowance for bad debts	Carrying amounts	Allowance for bad debts
Accounts receivable	Wipro Chengdu Limited	13,482,367.56	-	9,382,597.91	-
Accounts receivable	Wipro Inc	25,850	-	190,203.30	-
Accounts receivable	Wipro Limited	8,766,205	-	4,605,958.96	-
Other receivable	PT WT Indonesia	6,270.00	-	6,270.00	-
Other receivable	Wipro Chengdu Limited	8,230,790.56	-	7,332,587.49	-
Other receivable	Wipro Dalian Limited	14,933,914.07	-	24,068,044.53	-
Other receivable	Wipro Limited	10,924,628	-	-	-
Other receivable	Wipro Travel Services Limited	18,402.28	-	-	-

6.4.2 Payables

Items	Related parties	As at December 31, 2017	As at December 31, 2016
Account payable	Wipro (Chengdu) Limited	-	765,139.96
Account payable	Wipro Limited	9,151,567	8,987,580.89
Account payable	Wipro Wipro Technologies GMBH	161,727	-
Account payable	Wipro Travel Services Limited	64,659	43,006.41
Account payable	Wipro Retail-Germany	-	152,064.17
Other payable	Wipro Limited	37,592,202	21,934,915.48
Other payable	Wipro (Chengdu) Limited	728,900.07	-
Other payable	Wipro (Dalian) Limited	421,433.25	-
Other payable	Wipro Travel Services Limited	18,402.28	-

7. Government grants

Government grants relating to income

Items	Amounts	Amounts charged into profit or loss for the current period or reversed the relevant costs, expenses and losses		Items charged into profit or loss for the current period or reversed the relevant costs, expenses and losses
		2017	2016	
Tax refund	82,804.28	82,804.28	226,048.16	Non operating income
Subsidy Income			1,167,658.63	Non operating income
Total	82,804.28	82,804.28	1,393,706.79	

8. Commitments and contingencies

There is no significant commitment and contingencies need to be disclosed.

9. Subsequent events

There is no subsequent events need to be disclosed.

10. Other significant events

There is no other significant event needs to be disclosed.

11. Approval of financial statements

The financial statements were approved by the Board of Directors of the Company on 24 May, 2018.

*** End of the financial statements ***