

NEW LOGIC TECHNOLOGIES SARL
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2015

NEW LOGIC TECHNOLOGIES SARL
BALANCE SHEET AS AT MARCH 31,2015
(Amount in ₹ except share and per share data, unless otherwise stated)

	Notes	As on March 31,	
		2015	2014
<u>EQUITY AND LIABILITIES</u>			
Shareholder's funds			
Share Capital	3	415,890	415,890
Reserves and Surplus	4	(536,171,003)	(653,771,770)
		<u>(535,755,113)</u>	<u>(653,355,880)</u>
Non- current liabilities			
Long-term Provisions	5	227,031	8,338,919
		<u>227,031</u>	<u>8,338,919</u>
Current Liabilities			
Trade payables	6	4,834,339	9,084,759
Other current liabilities	7	494,648,444	586,758,635
Short term provisions	8	63,473,762	80,212,041
		<u>562,956,545</u>	<u>676,055,435</u>
TOTAL EQUITY AND LIABILITIES		<u><u>27,428,463</u></u>	<u><u>31,038,474</u></u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	9	522,704	640,767
		<u>522,704</u>	<u>640,767</u>
Current assets			
Cash and bank balances	10	367,556	4,765,667
Short-term loans and advances	11	26,538,203	25,632,040
		<u>26,905,759</u>	<u>30,397,707</u>
TOTAL ASSETS		<u><u>27,428,463</u></u>	<u><u>31,038,474</u></u>

The Notes referred to above form an integral part of the Balance Sheet

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

For and on behalf of the Board of Directors

Sd/-
D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

Sd/-
Director
Senthil M

NEW LOGIC TECHNOLOGIES SARL
STATEMENT OF PROFIT AND LOSS ACCOUNT
(Amount in ₹ except share and per share data, unless otherwise stated)

	Notes	For the year ended March 31,	
		2015	2014
REVENUE			
Revenue from operations		0	0
Other Income		0	0
Total Revenue		0	0
EXPENSES			
Employee benefits expense	12	13,376,664	14,478,204
Depreciation and amortization expense	9	-	72,319
Other expense	13	(10,166,379)	12,049,982
Total Expense		3,210,285	26,600,505
Net Profit/(Loss) before exceptional and extraordinary items and tax		(3,210,285)	(26,600,505)
Net Profit/(Loss)		(3,210,285)	(26,600,505)
Earnings per equity share [Refer note 15]			
(Equity shares of par value Eur. 1/- each)			
Basic		(6,421)	(53,201)
Diluted		(6,421)	(53,201)

The Notes referred to above form an integral part of the Profit and Loss Account

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

For and on behalf of the Board of Directors

Sd/-
D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

Sd/-
Director
Senthil M

NEW LOGIC TECHNOLOGIES SARL
CASH FLOW STATEMENT FOR THE YEAR MARCH 31,2015

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flows from operating activities:		
Profit / (Loss) before tax	(3,210,285)	(26,600,505)
<i>Adjustments:</i>		
Depreciation and amortization	-	72,319
Unrealised exchange differences - net	120,929,114	(98,098,673)
Working capital changes :		
Loans and advances	(906,163)	(5,621,975)
Other Current Liabilities	(116,960,359)	128,107,096
Trade and other payables	(4,250,420)	5,511,268
Net cash generated from operations	(4,398,113)	3,369,530
Direct taxes refund / paid		-
Net cash generated by operating activities	(4,398,113)	3,369,530
B. Cash flows from investing activities:		
Net cash generated by / (used in) investing activities	0	0
C. Cash flows from financing activities:		
Net cash generated by / (used in) financing activities	0	0
Net (decrease) / increase in cash and cash equivalents during the period	(4,398,113)	3,369,530
Cash and cash equivalents at the beginning of the period	4,765,667	1,396,137
Cash and cash equivalents at the end of the period	367,554	4,765,667

"As per our report of even date attached'
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Chartered Accountants
Firm Registration number : 009619S

For and on behalf of the Board of Directors

Sd/-
D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

Sd/-
Director
Senthil M

NEW LOGIC TECHNOLOGIES SARL
NOTES TO THE FINANCIAL STATEMENTS
(Amount in ₹ except share and per share data, unless otherwise stated)

1. Company overview

New Logic Technologies SARL (“New Logic” or “Company”) is a fully owned subsidiary of Wipro Technologies Austria GmbH. The Company is engaged in the business of designing microprocessors, related technology, software, and sell design development systems (soft IP), to enhance the performance, cost-effectiveness and power-efficiency of Integrated Circuit applications mainly focused on the wireless & communication industry.

2. Significant accounting policies

i. Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under historical cost convention on accrual basis of accounting, and comply with Accounting Standards (AS) issued by Institute of Chartered Accountants of India (ICAI) to the extent applicable.

ii. Use of estimates

The preparation of financial statements in conformity with Indian generally accepted accounting principles (IGAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision in accounting estimate is recognized prospectively in current and future periods.

iii. Fixed assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

The Company has provided for depreciation using straight line method over the useful life of the assets.

iv. Investments

Long term investments are stated at cost less other than temporary decline in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal.

v. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

vi. Revenue recognition

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue on fixed price contracts is recognized in accordance with percentage completion method. During the current year, the company also derived revenues from software development services to the holding company, on the basis of services rendered and billable in accordance with the terms of the existing transfer pricing arrangement with its holding company. Maintenance revenue is recognized over the period of the contract.

Revenue from customer training, support and other services is recognized as the related services are performed.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license.

Reimbursement of expenses from the holding company is accounted as a reduction from expenses.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenues' included in loans and advances represent cost and earnings in excess of billings as at the balance sheet date. 'Unearned revenues' included in current liabilities represent billing in excess of revenue recognized.

Profit on sale of investments is recorded upon transfer of title by the company and is determined as the difference between the sales price and the then carrying value of the investment.

Other income is recognized on accrual basis.

vii. Foreign currency transactions

Foreign currency transactions are recorded at the average rate for the month. On account of the company being non integral operations of Wipro Limited, ultimate holding company, the assets and liabilities are translated at exchange rate prevailing at the date of balance sheet. The functional currency of the company is Euro. The items in the profit and loss account are translated at the average exchange rate during the year. The difference arising out of the translation is transferred to translation reserve.

viii. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

ix. Employee benefits

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase 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. Long term compensated absences is accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary.

x. Employee stock options

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

xi. Income Tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of the Company.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date.

Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

xii. Earnings per share

The number of shares used in computing basic and diluted earning per share is the weighted average number of shares outstanding during the year.

xiii. 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.

3. Share Capital

(i) The details of share capital are given below.

	As of March 31,	
	2015	2014
Authorised Capital		
500 (2014: 500) equity shares of Euro 15.245 each	415,890	415,890
Issued, subscribed and paid-up capital		
500 (2014: 500) equity shares of Euro 15.245 each [Refer note (ii) below]	415,890	415,890
	415,890	415,890

(ii) The following is the reconciliation of number of shares as at March 31, 2015.

	As of March 31,	
	2015	2014
Opening number of equity shares	500	500
Add: Equity shares	0	0
Closing number of equity shares	500	500

(iii) Details of Shareholding Pattern by Related Parties

SI No.	Name of Shareholders	As at March 31 2015		As at March 31 2014	
		No. of Share	% of holdings	No. of Share	% of holdings
1	Wipro Technologies Austria GmbH	500	100	500	100

4. Reserves and Surplus:

	As of March 31,	
	2015	2014
Translation reserve		
Balance brought forward from previous year	(72,905,075)	25,083,892
Movement during the period	120,811,053	(97,988,967)
	47,905,978	(72,905,075)
Surplus from statement of profit and loss		
Balance brought forward from previous year	(580,866,695)	(554,266,190)
Add: Profit/(Loss) for the year	(3,210,285)	(26,600,505)
Closing balance	(584,076,980)	(580,866,695)
Summary of reserves and surplus		
Balance brought forward from previous year	(653,771,770)	(529,182,298)
Movement during the year	117,600,767	(124,589,472)
	(536,171,003)	(653,771,770)

5. Long term provisions

	As of March 31,	
	2015	2014
Employee retirement benefits	227,031	8,338,919
	<u>227,031</u>	<u>8,338,919</u>

6. Trade payables

	As of March 31,	
	2015	2014
Sundry creditors – Due to other than micro and small enterprises(Refer Note no:18).	4,834,339	9,084,759
	<u>4,834,339</u>	<u>9,084,759</u>

7. Other current liabilities

	As of March 31,	
	2015	2014
Payable to Holding Co	493,101,756	582,561,060
Payable to group Companies	611,222	749,270
Others	935,466	3,448,305
	<u>494,648,444</u>	<u>586,758,635</u>

8. Short term provisions

	As of March 31,	
	2015	2014
Provision for tax less advance tax	13,260,720	13,722,415
Other Provisions	50,213,042	66,489,626
	<u>63,473,762</u>	<u>80,212,041</u>

10. Cash and bank balances

	As of March 31,	
	2015	2014
Balances with Banks		
- In current accounts	308,249	4,692,965
Cash in hand	59,307	72,702
	<u>367,556</u>	<u>4,765,667</u>

11. Short term loans and advances

(Unsecured, considered good unless otherwise stated)

	As of March 31,	
	2015	2014
Employee travel and other advances	9,147,799	4,313,909
Prepaid expenses	23,255	28,508
Advances to Ultimate holding company	14,699,993	18,020,074
Rent Deposits	2,667,156	3,269,549
	26,538,203	25,632,040

12. Employee benefits expense

	Year ended March 31,	
	2015	2014
Salaries and wages	12,602,079	12,868,658
Contribution to provident and other funds	752,670	806,107
Staff welfare expenses	21,915	803,439
	13,376,664	14,478,204

13. Other expenses

	Year ended March 31,	
	2015	2014
Sub contracting / technical fees / third party application	2,062,197	2,144,698
Travel	18,232	0
Rent	2,094,882	2,115,320
ERF	0	1,637,651
Insurance	53,903	60,204
Rates and taxes	11,890	46,813
Auditors' remuneration		
As auditor	446,851	535,932
Legal & Professional charges	4,721,039	4,841,863
Provision no longer required	-19,968,791	0
Miscellaneous expenses	393,418	667,501
	(10,166,379)	12,049,982

14. Related Party Transaction:

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

Name of the party	Relationship with the Company
Wipro Technologies Austria GmbH	Holding Company
Wipro Limited	Ultimate Holding Company
Wipro Travel Services Ltd.	Fellow Subsidiaries

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

Name of the party	As at	
	31-Mar-15	31-Mar-14
Payable		
Wipro Technologies Austria GMBH	493,101,756	582,561,060
Wipro Travel Services Ltd.	611,222	749,270
Receivable		
Wipro Limited	8,047,788	18,020,074

15. Earnings per Share (EPS)

Particulars	Year ended March 31,	
	2015	2014
Profit/(Loss) for the year as per profit and loss account	(3,210,285)	(26,600,505)
Weighted average number of equity shares used for computing basic and diluted EPS	500	500
Profit per share basic and diluted (Par value: EUR 1)	(6,421)	(53,201)

16. Employee Stock Options

Wipro Limited, the holding company, has granted employee stock options to employees of the Company. For the year ended March 31, 2015, the Company has not been charged (2014: nil) for the stock compensation expense arising from options granted by parent.

17. Segment Reporting

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

18. Transfer Pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2015, particularly on the amount of tax expense and that of the provision for taxation.

19. The Company is a foreign company and is not governed by the provisions of Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Hence, the disclosures under the Act are not applicable to the Company.

20. Grants in respect of specific research and development projects and trainings are receivable from the Austrian government and the regional government mainly the "FFF" arrangement. The Company retains significant rights to intellectual property developed under projects which are funded under this arrangement. Grant income is recognized over the period of the project in line with the costs incurred. There is no obligation to refund any amounts already received.

21. Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to the current period classification.

The Notes referred to above form an integral part of the Balance Sheet

"As per our report of even date attached'
for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

For and on behalf of the Board of Directors

Sd/-
D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

Sd/-
Director
Senthil M

9. Tangible assets

(₹)

Particular	GROSS BLOCK ***			ACCUMULATED DEPRECIATION			NET BLOCK
	As of April 1, 2014	Additions	Disposals	As of April 1, 2014	Depreciation for the year	Effect of Translation*	As of March 31, 2015
Tangible fixed assets							
Lease hold land	640,761.53	-	(118,057)	-	-	-	522,704
Plant & machinery #	153,935,766	-	(28,361,659)	153,935,766	-	(28,361,659)	125,574,107
Furniture & fixture	9,665,255	-	(1,780,760)	9,665,255	-	(1,780,760)	7,884,495
Office equipments	48,428,887	-	(8,922,706)	48,428,887	-	(8,922,706)	39,506,182
Previous year – 2014	212,670,670	-	(39,183,182)	212,029,906	72,319	(39,065,125)	172,964,784
	179,036,573	-	32,993,335	178,433,195	32,883,628	-	211,389,143
							640,762

* Represents translation of fixed assets of non-integral operations into Indian Rupee

Plant and machinery includes computers and computer software