



# **WIPRO CHENGDU LIMITED**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
MARCH 31, 2015**

**WIPRO CHENGDU LIMITED****BALANCE SHEET****(Amount in ₹ except share and per share data, unless otherwise stated)**

	Note	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share capital	3	23,752,610	23,752,610
Reserves and surplus	4	(195,594,948)	(161,609,551)
		<b>(171,842,338)</b>	<b>(137,856,941)</b>
<b>2. Share application money pending allotment</b>			
		-	-
<b>3. Non-current liabilities</b>			
Long term provisions	5	1,025,196	4,130,035
		<b>1,025,196</b>	<b>4,130,035</b>
<b>4. Current liabilities</b>			
Short term borrowings	6	141,364,927	135,232,791
Trade payables	7	309,166,045	184,912,512
Other current liabilities	8	73,619,008	71,238,316
Short term provisions	9	817,720	2,539,356
		<b>524,967,700</b>	<b>393,922,974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>354,150,558</b>	<b>260,196,068</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets	10	18,884,225	50,013,238
		<b>18,884,225</b>	<b>50,013,238</b>
<b>2. Current assets</b>			
Trade receivables	11	42,086,099	22,362,616
Cash and bank balances	12	151,868,114	14,390,921
Short term loans and advances	13	111,711,540	170,251,310
Other current assets	14	29,600,579	3,177,984
		<b>335,266,332</b>	<b>210,182,830</b>
<b>TOTAL ASSETS</b>		<b>354,150,558</b>	<b>260,196,068</b>

The accompanying notes form an integral part of the balance sheet

As per our report attached  
for **Appaji & Co.**  
Chartered Accountants  
Firm Registration number :014147S

sd/-  
**CA.K .Appaji**  
Partner  
Membership No. 214156

For and on behalf of the Board of Directors

sd/-  
**Director**  
Manoj Nagpaul

sd/-  
**Director**  
Jibin Arjunan

**WIPRO CHENGDU LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**(Amount in ₹ except share and per share data, unless otherwise stated)**

	Notes	Year ended March 31,	
		2015	2014
<b>REVENUE</b>			
Revenue from operations (gross)	15	420,492,836	512,173,306
Less: Excise duty		-	-
Revenue from operations (net)		420,492,836	512,173,306
Other income	16	1,174,505	13,929,511
<b>Total Revenue</b>		<b>421,667,341</b>	<b>526,102,817</b>
<b>EXPENSES</b>			
Employee benefits expense	17	261,671,588	337,639,959
Finance costs	18	8,749,174	9,993,402
Depreciation and amortisation expense	10	37,925,845	42,988,045
Other expenses	19	140,396,857	160,181,152
<b>Total Expenses</b>		<b>448,743,464</b>	<b>550,802,558</b>
<b>Profit before tax</b>		<b>(27,076,123)</b>	<b>(24,699,742)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
		-	-
<b>Net Profit</b>		<b>(27,076,123)</b>	<b>(24,699,742)</b>
<b>Earnings per equity share</b>			
Basic		NA	NA
Diluted		NA	NA

The accompanying notes form an integral part of the Statement of profit and loss

As per our report attached  
for **Appaji & Co.**  
Chartered Accountants  
Firm Registration number :014147S

For and on behalf of the Board of Directors

sd/-

**CA.K .Appaji**  
Partner  
Membership No. 214156

sd/-

**Director**  
Manoj Nagpaul

sd/-

**Director**  
Jibin Arjunan

**WIPRO CHENGDU LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR MARCH 31,2015**  
(Amount in ₹ except share and per share data, unless otherwise stated)

	Period ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flows from operating activities:</b>		
Profit / (Loss) before tax	(27,076,123)	(24,699,741)
<i>Adjustments:</i>		
Loss on sale of assets	1,132,366	-
Depreciation and amortization	37,925,845	42,988,045
Unrealised exchange differences - net	(8,494,018)	(10,142,525)
Interest Income	(438,770)	
Provision	(4,826,475)	4,130,035
Interest on borrowings	8,749,174	9,993,402
<b>Working capital changes :</b>		
Trade and other receivable	(46,146,079)	(1,336,600)
Loans and advances	58,539,769	35,136,806
Trade and other payables	126,634,226	9,530,262
<b>Net cash generated from operations</b>	<b>145,999,915</b>	<b>65,599,685</b>
Direct taxes refund / paid		-
<b>Net cash generated by operating activities</b>	<b>145,999,915</b>	<b>65,599,686</b>
<b>B. Cash flows from investing activities:</b>		
Interest Income	438,770	
Plant and equipment (including advances)	(11,885,752)	(17,995,130)
Proceeds from sale of fixed assets	5,541,297	
<b>Net cash generated by / (used in) investing activities</b>	<b>(5,905,684)</b>	<b>(17,995,130)</b>
<b>C. Cash flows from financing activities:</b>		
Interest paid on borrowings	(8,749,174)	(9,993,402)
Proceeds from borrowings / loans	6,132,136	(30,697,730)
<b>Net cash generated by / (used in) financing activities</b>	<b>(2,617,038)</b>	<b>(40,691,132)</b>
Net (decrease) / increase in cash and cash equivalents during the period	137,477,193	6,913,423
Cash and cash equivalents at the beginning of the period	14,390,921	7,477,498
<b>Cash and cash equivalents at the end of the period (Refer Note 12)</b>	<b>151,868,114</b>	<b>14,390,921</b>

The accompanying notes form an integral part of the Cashflow statement

As per our report attached

For and on behalf of the Board of Directors

for *Appaji & Co.*

Chartered Accountants

Firm Registration number :014147S

sd/-

**CA.K .Appaji**

Partner

Membership No. 214156

sd/-

**Director**

Manoj Nagpaul

sd/-

**Director**

Jibin Arjunan

**WIPRO CHENGDU LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Amount in ₹, except share and per share data, unless otherwise stated)**

**1. Company overview**

Wipro Chengdu Limited (“the Company”) is a wholly owned subsidiary of Wipro Limited. The Company was incorporated to carry out business of software development. The functional currency of the Company is CNY and the reporting currency for these financial statements is INR. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of Indian Companies Act, 2013

**2. Significant accounting policies**

**i. Basis of preparation of financial statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of Act (to the extent notified and applicable), Accounting Standards (‘AS’) issued by Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India.

**ii. Use of estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

**iii. Revenue recognition**

Services:

The company recognizes revenue when significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depend on the nature of the services rendered:

**A. Time and material contracts**

Revenues and costs relating to time and material contracts are recognized as the related services are rendered.

**B. Fixed-price contracts**

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. When total cost estimated exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

‘Unbilled revenues’ included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. ‘Unearned revenues’ included in other current liabilities represent billing in excess of revenue recognized.

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

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

#### C. Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of services or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to actual output achieved till date as a percentage of total contractual output. Any residual services utilized by the customer is recognized as revenue on completion of the terms.

#### Products:

Revenue from sale of products is recognized when the significant risks and rewards of ownership has been transferred in accordance with the sale contract. Revenue from product sales is shown gross of excise duty and net of sales tax separately charged and applicable discounts.

#### Other income

Agency commission is accrued when shipment of consignment is dispatched by the principal.

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

Dividend income is recognized when the company's right to receive dividend is established.

#### iv. Fixed assets and work-in-progress

The Company has provided for depreciation using straight line method over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013 except in the case of following assets which are depreciated based on useful lives estimated by the Management:

<b>Class of asset</b>	<b>Estimated useful life</b>
Buildings	30 – 60 years
Computer including telecom equipment and software (included under plant and machinery)	2 – 7 years
Furniture and fixtures	5 – 6 years
Electrical installations (included under plant and machinery)	5 years
Vehicles	4 years

Freehold land is not depreciated.

Assets under finance lease are amortised over their estimated useful life or the lease term, whichever is lower.

For these class of assets, based on internal technical assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

#### v. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction.

#### Foreign currency transaction

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

### **Translation of financial statements**

The Company is a foreign subsidiary of Wipro Limited and has been treated as a non integral operating unit for translation. For the purpose of accounts during the period, all income and expenses items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate on the balance sheet date. The equity share capital, reserves and investment in subsidiaries are carried forward at the rate of exchange prevailing on the transaction date. All resulting exchange difference arising out of year-end conversion has been transferred to Translation Reserve in Reserve and Surplus.

### **vi. Income Tax**

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

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

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

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

### **vii. Cash flow statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

### **viii. Earnings per share**

As per local laws of People's Republic of China, there is no concept of issuance of share certificates and hence Earning Per Share is not computed.

### **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 accumulating compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The Company recognizes accumulated compensated absences based on actuarial valuation. Non accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

Pension and social contribution:

Pension and social contribution plan, a defined contribution scheme, the Company makes monthly contributions based on a specified percentage of each covered employee's salary.

**x. Provisions and contingent liabilities**

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

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.



	<b>As at March31, 2015</b>	<b>As at March 31, 2014</b>
<b>Note 3 Share Capital</b>		
<b>Equity Contribution</b>	<b>23,752,610</b>	23,752,610
* As per the local laws of People's Republic of China, the Company does not have share capital. Hence the investment by Wipro Limited, the holding company, is disclosed as equity contribution.		
	<b>23,752,610</b>	23,752,610
<b>Note 4 Reserves and Surplus</b>		
	<b>As at March31, 2015</b>	<b>As at March 31, 2014</b>
<b>Translation reserve</b>		
Balance brought forward from previous year	(37,283,255)	(27,140,730)
Movement during the period	(6,909,274)	(10,142,525)
	<b>(44,192,529)</b>	(37,283,255)
<b>Surplus from statement of profit and loss</b>		
Balance brought forward from previous year	(124,326,296)	(99,626,555)
Add: Profit for the year	(27,076,123)	(24,699,742)
Closing balance	<b>(155,923,668)</b>	(124,326,296)
<b>Summary of reserves and surplus</b>		
Balance brought forward from previous year	(161,609,551)	(126,767,285)
Movement during the year	(33,985,397)	(34,842,266)
	<b>(195,594,948)</b>	(161,609,551)
<b>Note 5 Long term Provisions</b>		
Employee benefit obligation	1,025,196	4,130,035
	<b>1,025,196</b>	4,130,035
<b>Note 6 Short term borrowings</b>		
<b>Unsecured:</b>		
Loan repayable on demand from banks	141,364,927	135,232,791
	<b>141,364,927</b>	135,232,791
<b>Note 7 Trade payables</b>		
Trade Payables	6,317,211	2,371,913
Payable to ultimate holding company	275,884,083	159,164,191
Accrued expenses	26,964,750	23,376,408
	<b>309,166,045</b>	184,912,512

	As at March 31, 2015	As at March 31, 2014
<b>Note 8 Other current liabilities</b>		
Statutory liabilities	2,292,716	-
Balances due to related parties	71,326,292	71,238,316
	<b>73,619,008</b>	<b>71,238,316</b>
<b>Note 9 Short term provisions</b>		
Employee benefit obligations	817,720	2,539,356
	<b>817,720</b>	<b>2,539,356</b>
<b>Note 11 Trade Receivable</b>		
<b>Unsecured:</b>		
<b>Over six months from the date they were due for payment</b>		
Considered doubtful	615,323	-
	<b>615,323</b>	-
Less: Provision for doubtful receivables	(615,323)	-
	-	-
<b>Other receivables</b>		
Considered good	42,086,099	22,362,616
	<b>42,086,099</b>	<b>22,362,616</b>
<b>Note 12 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
In current accounts	12,771,014	9,552,312
In deposit accounts	139,097,100	4,818,750
Cash in Hand	-	19,859
	<b>151,868,114</b>	<b>14,390,921</b>
<b>Note 13 Short-term loans and advances</b>		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Employee travel & other advances	2,287,220	3,360,985
Advance to suppliers	102,835	883,766
Balance with Group Companies	97,431,555	151,281,865
Balances with excise, customs and other authorities	450,339	4,186,348
Prepaid expenses	792,198	278,494
Security deposits	10,612,899	10,118,596
	<b>111,677,046</b>	<b>170,110,054</b>
<b>Note 14 Other current assets</b>		
<b>Unsecured and considered good:</b>		
Unbilled revenue	29,600,579	3,177,984
	<b>29,600,579</b>	<b>3,177,984</b>

	Year ended March 31,	
	2015	2014
<b>Note 15 Revenue from Operations</b>		
Sale of services	420,492,836	512,173,306
Revenue from operations (gross)	420,492,836	512,173,306
<b>Note 16 Other Income</b>		
Interest on bank deposits and others	438,770	-
Miscellaneous income	735,735	13,929,511
	1,174,505	13,929,511
<b>Note 17 Employee benefits expense</b>		
Salaries and wages	260,356,311	335,305,661
Staff welfare expenses	1,315,277	2,334,298
	261,671,588	337,639,959
<b>Note 18 Finance costs</b>		
Interest Cost	8,749,174	9,993,402
	8,749,174	9,993,402
<b>Note 19 Other expenses</b>		
Sub contracting / technical fees / third party application	72,967,769	71,378,164
Travel	15,499,682	25,842,592
Rent and Office Maintenance	28,021,421	22,450,197
Provision/write off of bad debts	602,272	-
Power and fuel	3,613,659	-
Communication and Links	10,565,102	27,996,122
Legal and professional charges	4,097,666	8,486,207
Staff recruitment	1,458,020	2,489,905
Insurance	2,017,673	284,353
Other exchange differences, net	331,301	-
Rates and taxes	1,222,292	1,253,612
	140,396,857	160,181,152

## 20. Related party transactions

<b>Name</b>	<b>Relation</b>
<b>List of related parties and relationships:</b>	
Wipro Limited	Holding Company
Wipro Shanghai Limited	Group Company
Wipro Travel Services Limited	Group Company

### The Company had the following transactions with related parties during the year ended

	<b>Year Ended, March 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Subcontracting Charges</b>		
Wipro Limited	<b>38,585,739</b>	76,370,869.88
Wipro Shanghai Limited	<b>20,823,182</b>	-
<b>Sales</b>		
Wipro Limited	<b>149,579,457</b>	333,934,721
Wipro Shanghai Limited	<b>14,048,391</b>	10,275,001
	<b>223,036,769</b>	420,580,591

### The following is the listing of receivables and payables to related parties

	<b>Year Ended, March 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Receivables:</b>		
Wipro Limited	<b>91,167,501</b>	19,091,817
	<b>91,167,501</b>	19,091,817
<b>Payables:</b>		
Wipro Shanghai Limited	<b>98,374,947</b>	61,749,248
Wipro Travel Services Limited	<b>44,410</b>	548,743
Wipro Limited	<b>248,782,441</b>	3,209,851
	<b>347,201,798</b>	65,507,842

### **23. Micro, Small and Medium Enterprises, Development Act, 2006**

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

### **24. Others**

Hitherto the applicability of revised Schedule III from the current year, the Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule III does not impact recognition and measurement principle followed for the preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report attached  
for ***Appaji & Co.***

*Chartered Accountants*

*Firm Registration number :014147S*

For and on behalf of the Board of Directors

sd/-

**CA.K .Appaji**

*Partner*

*Membership No. 214156*

sd/-

**Director**

Manoj Nagpaul

sd/-

**Director**

Jibin Arjunan

**10. Tangible assets**

Particular	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK*	
	As of April 1, 2014	Additions	Effect of Translation *	Disposals	As of March 31, 2015	As of April 1, 2014	Depreciation for the year	Effect of Translation *	Disposals / adjustments	As of March 31, 2015	As of March 31, 2015	As of March 31, 2014
<b>Tangible fixed assets</b>												
Plant & machinery **	80,041,842	9,572,643	3,298,766	26,744,367	66,168,885	60,927,778	13,354,516	2,624,838	21,173,796	55,733,337	10,435,548	19,114,063
Furniture & fixture	58,506,646	2,260,741	2,679,185	2,448,861	60,997,711	45,285,624	11,060,746	2,263,554	2,448,861	56,161,063	4,836,648	13,221,021
Office equipments	76,190,433	52,367	3,436,842	2,702,882	76,976,760	58,512,280	13,510,584	2,941,657	1,599,790	73,364,730	3,612,029	17,678,153
	214,738,921	11,885,752	9,414,793	31,896,110	204,143,356	164,725,683	37,925,845	7,830,048	25,222,447	185,259,130	18,884,225	50,013,238
Previous year – 2014	186,289,352	9,358,195	19,091,374	-	214,738,921	111,141,943	42,988,045	10,595,695	-	164,725,683	50,013,238	75,147,409

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

\*\* Plant and machinery includes computers and computer software.