

WIPRO NETWORKS PTE LIMITED

FINANCIAL STATEMENTS

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

WIPRO NETWORKS PTE LIMITED

BALANCE SHEET

(Amount in ₹ except share and per share data, unless otherwise stated)

		As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	3	811,520,674	811,520,671
Reserves and surplus	4	588,917,890	284,408,033
		1,400,438,564	1,095,928,704
2. Share application money pending allotment			
		-	-
3. Non-current liabilities			
Long term provisions	5	16,091,338	27,192,167
		16,091,338	27,192,167
4. Current liabilities			
Trade payables	6	634,332,786	2,463,452,421
Other current liabilities	7	264,887,971	80,906,398
Short term provisions	8	21,071,411	70,341,345
		920,292,168	2,614,700,164
TOTAL EQUITY AND LIABILITIES		2,336,822,070	3,737,821,034
II ASSETS			
1. Non-current assets			
Fixed assets			
Tangible assets	9	1,185,655	2,957,816
Intangible assets and goodwill	9	604,888,027	602,507,156
Non-current investments	10	221	-
Long term loans and advances	11	634,873,069	608,307,854
		1,240,946,971	1,213,772,826
2. Current assets			
Trade receivables	12	367,859,236	401,818,999
Cash and bank balances	13	254,563,525	432,793,302
Short term loans and advances	14	120,361,467	1,602,898,227
Other current assets	15	353,090,871	86,537,680
		1,095,875,099	2,524,048,208
TOTAL ASSETS		2,336,822,070	3,737,821,034

The accompanying notes form an integral part of the balance sheet

As per our report of even date 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
Mahima Singhal

WIPRO NETWORKS PTE 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
REVENUE			
Revenue from operations (gross)	16	4,058,504,417	4,104,609,503
Less: Excise duty		-	-
Revenue from operations (net)		4,058,504,417	4,104,609,503
Other income	17	16,383,708	16,995,484
Total Revenue		4,074,888,124	4,121,604,987
EXPENSES			
Purchases of stock-in-trade		-	252,832
Changes in inventories of finished goods, work in progress and stock-in-trade	18	-	298,956
Employee benefits expense	19	1,056,819,983	1,024,643,831
Finance costs	20	901,246	8,267,646
Depreciation and amortisation expense	9	25,259,704	28,587,104
Other expenses	21	2,658,778,955	3,194,664,803
Total Expenses		3,741,759,887	4,256,715,170
Profit before tax		333,128,237	(135,110,183)
Tax expense			
Current tax		8,622,640	-
		8,622,640	-
Net Profit		324,505,597	(135,110,183)
Earnings per equity share			
(Equity shares of par value SGD 1 each)			
Basic		11.54	(4.80)
Diluted		11.54	(4.80)
(Refer Note 22)			

The accompanying notes form an integral part of the Statement of Profit and Loss

As per our report of even date attached
for Appaji & Co.

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration number :014147S

sd/-

CA.K .Appaji

Partner

Membership No. 214156

sd/-

Director

Manoj Nagpaul

sd/-

Director

Mahima Singhal

WIPRO NETWORKS PTE LIMITED

CASH FLOW STATEMENT

(Amount in ₹ , except share and per share data, unless otherwise stated)

	Year ended March 31,	
	2015	2014
A. Cash flows from operating activities:		
Profit / (Loss) before tax	333,128,237	(135,110,183)
<i>Adjustments:</i>		
Depreciation and amortisation	25,259,704	28,587,104
Unrealised exchange differences, net	(45,864,155.22)	11,251,981
Interest on borrowings	901,246	6,896,288
Working capital changes :		
Trade payables	(1,829,119,635)	1,915,525,933
Long-term provisions	(11,100,829)	24,095,463
Short-term provisions	(49,269,934)	50,661,616
Other current liabilities	183,981,573	(186,808,206)
Trade receivables	33,959,763	24,420,707
Inventories	-	298,956
Short-term loans & advances	1,482,536,760	37,564,637
Other current assets	(266,553,191)	(1,533,731,543)
Net cash generated from / (used in) operations	(142,140,461)	243,652,753
Direct taxes paid/refund, net	(8,622,640)	-
Net cash generated by / (used in) operating activities	(150,763,101)	243,652,753
B. Cash flows from investing activities:		
Acquisition of fixed assets	-	(852,815)
Investment in equity shares of another company	(217)	-
Net cash from / (used in) investing activities	(217)	(852,815)
C. Cash flows from financing activities:		
Long-term loans & advances	(26,565,214)	
Interest paid on borrowings	(901,246)	(6,896,288)
Net cash used in financing activities	(27,466,461)	(6,896,288)
Net (decrease) / increase in cash and cash equivalents during the period	(178,229,778)	235,903,650
Cash and cash equivalents at the beginning of the period	432,793,302	196,889,652
Cash and cash equivalents at the end of the period	254,563,525	432,793,302
Components of cash and cash equivalents		
Balances with banks in current account	254,563,525	432,793,302
Total Cash and cash equivalents (Refer note 13)	254,563,525	432,793,302

The accompanying notes form an integral part of the Cash flow Statement

As per our report of even date 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
Mahima Singhal

WIPRO NETWORKS PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(Amount in INR except share and per share data, unless otherwise stated)

1. Company overview

Wipro Networks Pte Limited (“the Company”) is a subsidiary of Wipro Limited (“The holding Company”). Wipro Limited, a company incorporated in India, is the ultimate holding company of the Company. The Company is engaged in IT services. 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. 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:

Class of asset	Estimated useful life
Buildings	30 – 60 years
Computer including telecom equipment and software (included under plant and machinery)	2 – 10 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.

iv. 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.

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 recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in 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 recognised in the period that includes the enactment/ substantial enactment date.

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

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

vii. Earnings per share

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

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

	As at March 31, 2015	As at March 31, 2014
Note 3 Share Capital		
(i) The details of share capital are given below:-		
Authorised capital		
28,126,108 Equity Shares of SGD 1 each	22,647,142	22,647,142
	22,647,142	22,647,142
Issued, subscribed and fully paid-up capital		
28,126,108 Equity Shares of SGD 1 each	22,647,142	22,647,142
	22,647,142	22,647,142

(i) The following is the reconciliation of number of shares as on 31 March 2015

Opening Number of equity shares	28,126,108	28,126,108
Further equity allocated during the year	-	-
Closing Number of equity shares	28,126,108	28,126,108

(iii) Details of share holding pattern by related parties

	As of March 31,			
	2015		2014	
Name of shareholders	No. of shares	% of holdings	No. of shares	% of holdings
Wipro Limited	28,126,108	100%	28,126,108	100%
Total	28,126,108	100%	28,126,108	100%

	As at March 31, 2015	As at March 31, 2014
Note 4 Reserves and Surplus		
Translation reserve		
Balance brought forward from previous year	(298,491)	(3,448,656)
Additions during the year	(1,203,479)	3,150,165
	(1,501,970)	(298,491)
General reserve		
Balance brought forward from previous year	(4,046,575)	(1,803,523)
Additions during the period	-	(2,243,052)
	(4,046,575)	(4,046,575)
Surplus from statement of profit and loss		
Balance brought forward from previous year	-	-
Add: Profit for the year	5,310,213	(2,243,052)
- Amount transferred to general reserve	-	(2,243,052)
Closing balance	5,310,213	-
Summary of reserves and surplus		
Balance brought forward from previous year	(4,345,066)	(5,252,179)
Movement during the year	4,106,734	907,113
	(238,332)	(4,345,066)
Note 5 Long term Provisions		
Employee benefit obligation	257,482	454,111
	257,482	454,111
Note 6 Trade payables		
Trade payables	625,050	335,017
Payable to ultimate holding company	9,300,097	40,804,803
Accrued expenses	224,990	-
	10,150,137	41,139,820
Note 7 Other current liabilities		
Salary Payable	148,051	-
Unearned revenue	1,436,714	225,361
Statutory liabilities	1,263,307	1,125,781
Balances due to related parties	1,359,590	-
Others	30,885	-
	4,238,546	1,351,142
Note 8 Short term provisions		
Employee benefit obligations	40,984	488,747
Provision for Expenses	-	474,203
Warranty provision	74,450	49,456
Provision for taxes net of Advance Tax	221,736	162,299
Others	-	-
	337,170	1,174,705
Note 10 Non-current investments (Valued at cost unless stated otherwise)		
Non-trade – unquoted		
Investment in equity shares		
Wipro Technologies Sdn.Bhd (2 shares of MYR 1 each)	-	-
Wipro (Thailand) Co. Ltd.(1 share of THB 100 each)	4	-
	4	-

Note 11 Long-term loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Balance with Group Companies	10,158,782	10,158,782
	10,158,782	10,158,782

Note 12 Trade Receivable

Unsecured:

Over six months from the date they were due for payment

Considered good	85,911	572,052
Considered doubtful	1,261,544	1,205,760
	1,347,455	1,777,812
Less: Provision for doubtful receivables	(1,261,544)	(1,205,760)
	85,911	572,052

Other receivables

Considered good	5,800,308	6,138,349
	5,886,219	6,710,401

Note 13 Cash and bank balances

Cash and cash equivalents

Balances with banks		
In current accounts	4,073,342	7,227,677
	4,073,342	7,227,677

Note 14 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

Employee travel & other advances	83,637	52,488
Advance to suppliers	-	2,125.97
Balance with Group Companies	652,249	26,159,587
Balances with excise, customs and other authorities	729,501	-
Prepaid expenses	47,081	138,420
Security deposits	413,379	285,859
Statutory	-	130,024
	1,925,847	26,768,504

Note 15 Other current assets

Unsecured and considered good:

Unbilled revenue	5,649,906	1,445,185
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	Year ended March 31,	
	2015	2014
Note 16 Revenue from Operations		
Sale of products	-	(173,285)
Sale of services	66,413,400	68,299,977
Revenue from operations (gross)	66,413,400	68,126,691
Note 17 Other Income		
Interest on Deposits and others	268,103	281,299
Misc Income	-	785
	268,104	282,085
Note 18 Changes in inventories of finished goods, work in progress and Stock-in- trade		
Opening stock		
Traded goods	-	5,508
	-	5,508
Less: Closing stock		
Traded goods	-	-
	-	-
	-	5,508
Note 19 Employee benefits expense		
Salaries and wages	17,269,451	16,988,333
Staff welfare expenses	24,360	18,302
	17,293,811	17,006,635
Note 20 Finance costs		
Interest Cost	14,748	114,462
Bank charges and others	-	22,761
	14,748	137,223

Note 21 Other expenses

Sub contracting / technical fees / third party applicati	41,268,724	49,385,466
Travel	362,416	230,978
Repairs to Building	-	45,924
Repairs and Maintenance	468,231	643,663
Rent	817,011	958,198
Provision/write off of doubtful debts	71,797	305,162
Provision/write off of doubtful advances	-	23,962
Corporate Overhead	-	21,956
Power and fuel	35,922	73,372
Communication	96,881	237,758
Advertisement and sales promotion	32	-
Legal and professional charges	105,523	1,102,092
Staff recruitment	9,644	-
Other Exchange Differences, Net	-	149,410
Carriage and freight	-	748
Insurance	-	2,738
Warranty Provision	-	(187,748)
Other exchange differences, net	457,486	7,255
Rates and taxes	14,651	1,073
Audit fees	2,966	-
Miscellaneous expenses	(203,002)	21,780
	43,508,281	53,023,789

22. Related party transactions

Name	Relation
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List of related parties and relationships:

Wipro Limited	Holding company
Wipro Poland Sp Zoo	Fellow Subsidiary
Wipro UK Ltd	Fellow Subsidiary
Wipro Portugal S.A.	Fellow Subsidiary
Wipro Cyprus Private Limited	Fellow Subsidiary
Wipro Holdings Hungary	Fellow Subsidiary

The Company had the following transactions with related parties

	For the year ended March	
	2015	2014
<i>Wipro Limited</i>		
Software development services received	41,333,984	48,520,331
<i>Wipro Poland Sp Zoo</i>		
Software development services received	6,030	18,346
<i>Wipro Portugal S.A.</i>		
Interest income from loan given	266,489	258,459
<i>Wipro UK Ltd</i>		
Interest cost on loan taken	-	20,975
<i>Wipro Cyprus Private Limited</i>		
Interest cost on loan taken	-	15,879
<i>Wipro Holdings Hungary Korlatolt Felelossegu Tarsasag</i>		
Interest cost on loan taken	14,748	79,184

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

	As at March 31,	
	2015	2014
<i>Payables:</i>		
Wipro Limited	9,155,151	34,660,035
Wipro Poland Sp Zoo	-	18,346
<i>Receivables:</i>		
Wipro 3D Networks UK	36,771	37,251
Wipro Limited	10,158,782	13,915,742
<i>Wipro Holdings Hungary Korlatolt Felelossegu Tarsasag</i>	477	-
Wipro Holdings UK Limited	1,717	1,739
Wipro Portugal S.A.	-	15,258,459

23. Earnings/ (Loss) per share

	As at March 31,	
	2015	2014
Computation of EPS		
Profit / (Loss) for the year as per statement of profit and loss	5,310,213	(2,243,050)
Weighted average number of equity shares used for computing basic and diluted EPS	28,126,108	28,126,108
Earnings/ (Loss) per share basic and diluted (face value: SGD 1 each)	0.19	(0.08)

Note 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 of even date 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
Mahima Singhal

9. 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
Tangible fixed assets												
Plant & machinery ***	875,331	-	-	-	875,331	874,417	914	-	-	875,331	-	914
Furniture & fixture	402,825	-	-	-	402,825	363,952	25,482	-	-	389,434	13,391	38,873
Office equipments	111,187	-	-	-	111,187	101,579	4,027	-	-	105,606	5,581	9,608
	1,389,343	-	-	-	1,389,343	1,339,948	30,423	-	-	1,370,371	18,972	49,395
Previous year – 2014	1,376,800	12,543			1,389,343	1,291,082	48,866			1,339,948	49,395	85,719
Particular	GROSS BLOCK					ACCUMULATED AMORTIZATION					NET BLOCK*	
	As of April 1, 2014	Additions	Effect of Translation *	Disposals	As of March 31, 2015	As of April 1, 2014	Amortization for the year	Effect of Translation *	Disposals / adjustments	As of March 31, 2015	As of March 31, 2015	As of March 31, 2014
Intangible assets												
Goodwill	8,565,910	-	-	-	8,565,910	-	-	-	-	-	8,565,910	8,565,910
Marketing - Non compete	1,920,000	-	-	-	1,920,000	424,000	382,927	-	-	806,927	1,113,073	1,496,000
	10,485,910	-	-	-	10,485,910	424,000	382,927	-	-	806,927	9,678,983	10,061,910
Previous year – 2014	8,565,910	1,920,000	-	-	10,485,910	-	424,000	-	-	424,000	10,061,910	-

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

** Building includes lease hold improvements.

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