

WIPRO RETAIL UK LIMITED

FINANCIAL STATEMENTS

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

WIPRO RETAIL UK LIMITED (formerly Enabler UK Ltd.)
BALANCE SHEET
(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 | 69,559 | 69,559 |
| Reserves and Surplus | 4 | 278,667,504 | 867,176,652 |
| | | <u>278,737,063</u> | <u>867,246,211</u> |
| Current Liabilities | | | |
| Trade payables | 5 | 159,483,572 | 212,961,488 |
| Other current liabilities | 6 | 63,684,612 | 92,377,459 |
| | | <u>223,168,184</u> | <u>305,338,947</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>501,905,247</u> | <u>1,172,585,158</u> |
| <u>ASSETS</u> | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 7 | 12,328 | 33,245 |
| | | <u>12,328</u> | <u>33,245</u> |
| Current assets | | | |
| Trade receivables | 8 | 181,534,234 | 471,899,429 |
| Cash and bank balances | 9 | - | 22,012,126 |
| Short-term loans and advances | 10 | 303,348,176 | 566,195,254 |
| Other current assets | 11 | 17,010,509 | 112,445,104 |
| | | <u>501,892,919</u> | <u>1,172,551,913</u> |
| TOTAL ASSETS | | <u>501,905,247</u> | <u>1,172,585,158</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
Ronojoy Guha

Sd/-
Director
Jatin Dalal

WIPRO RETAIL UK LIMITED (formerly Enabler UK Ltd.)
STATEMENT OF PROFIT AND LOSS
(Amount in ₹ except share and per share data, unless otherwise stated)

| | Notes | For the year ended March 31, | |
|--|-------|------------------------------|----------------------|
| | | 2015 | 2014 |
| REVENUE | | | |
| Revenue from operations | 12 | 956,092,080 | 1,643,337,757 |
| Other Income | 13 | 6,731,906 | 7,239,159 |
| Total Revenue | | 962,823,986 | 1,650,576,916 |
| EXPENSES | | | |
| Employee benefits expense | 14 | 71,925,179 | 208,846,408 |
| Finance Costs | 15 | - | 446,311 |
| Depreciation and amortization expense | 7 | 19,740 | 19,230 |
| Other expense | 16 | 669,198,964 | 1,076,053,479 |
| Total Expense | | 741,143,883 | 1,285,365,428 |
| Profit before tax | | 221,680,103 | 365,211,488 |
| Tax expense (including deferred tax) | | 45,789,800 | 84,314,405 |
| Profit after tax | | 175,890,303 | 280,897,083 |
| Earnings per equity share [Refer note 18] | | | |
| (Equity shares of par value GBP 1/- each) | | | |
| Basic | | 175,890 | 280,897 |
| Diluted | | 175,890 | 280,897 |
| (Refer Note 18) | | | |

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

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

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Sd/-
D.Prasanna Kumar
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Jatin Dalal

WIPRO RETAIL UK LIMITED (formerly Enabler UK Ltd.)
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 before tax | 221,680,103 | 365,211,488 |
| <i>Adjustments:</i> | | |
| Depreciation and amortization | 19,740 | 19,230 |
| Interest Income | (6,731,906) | 7,239,159 |
| Unrealized Exchange Differences - net | (17,277,768) | 112,948,908 |
| <i>Working capital changes :</i> | | |
| Trade and other receivable | 385,799,789 | 376,680,468 |
| Loans and advances | 269,578,985 | (368,461,522) |
| Trade and other payables | (53,477,916) | (313,701,322) |
| Other Current Liabilities | (28,692,847) | (91,999,451) |
| Net cash generated from / (used in) operations | 770,898,181 | 95,176,118 |
| Direct taxes paid | (45,789,800) | (84,314,405) |
| Net cash generated by / (used in) operating activities | 725,108,381 | 10,861,713 |
| B. Cash flows from investing activities: | | |
| Interest income received | | |
| Net cash generated by / (used in) investing activities | - | (7,239,159) |
| C. Cash flows from financing activities: | | |
| Dividend paid | (747,120,507) | - |
| Net cash generated by / (used in) financing activities | (747,120,507) | - |
| Net (decrease) / increase in cash and cash equivalents during the period | (22,012,126) | 3,622,554 |
| Cash and cash equivalents at the beginning of the period | 22,012,126 | 18,389,572 |
| Cash and cash equivalents at the end of the period | - | 22,012,126 |

"As per our report of even date attached"
for **D.Prasanna & Co.**
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Sd/-
D.Prasanna Kumar
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Membership No. 211367
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Sd/-
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Jatin Dalal

WIPRO RETAIL UK LIMITED (formerly Enabler UK Ltd.)
NOTES TO THE FINANCIAL STATEMENTS
(Amount in ₹, except share and per share data, unless otherwise stated)

1. Company overview

Wipro Retail UK Limited (Formerly known as Enabler UK Limited), (“the Company”) is a subsidiary of Wipro Portugal S.A. The Company is engaged in the development, project and programme management of IT systems and business process improvement for retailers.

2. Significant accounting policies

i. Basis of preparation of financial statements

These financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 to the extent applicable.

ii. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India 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.

iii. Revenue recognition

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts is recognized as related services are performed. Revenue on fixed price contracts is recognized in accordance with the ‘Percentage of completion method’.

Revenue from application maintenance services is recognized over the period of the contract.

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 “Other Current Assets” represents costs and earnings in excess of billings as at the balance sheet date. “Unearned revenue” included in Other Current liabilities represents billing in excess of revenue recognized.

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

Other income is recognized on accrual basis.

iv. 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.

v. Foreign currency transactions

Foreign currency transactions are recorded at the average rate for the month. Period-end balances of monetary foreign currency assets and liabilities are restated at the closing rate. The exchange difference arising from the restatement or settlement is recognized in the profit and loss account.

vi. Translation of financial statements

The Company is foreign subsidiary of Enabler Informatica S.A. and has been treated as a non-integral operating unit for translation. For the purpose of financial statements during the year, all income and expenses items are converted at the average rate of exchange applicable for the year. 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.

vii. 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.

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.

viii. 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 outflow.

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.

ix. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset 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 recognised 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.

x. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of 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.

xi. Earnings per share

The number of equity shares used in computing basic and diluted earning per share is the weighted average number of equity shares outstanding during the year. The Company does not have potentially dilutive equity shares.

3. Share Capital

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

| | As of March 31, | |
|---|-----------------|--------|
| | 2015 | 2014 |
| Authorised Capital | | |
| 1000 (2014: 1000) equity shares of GBP 1 each | 69,559 | 69,559 |
| Issued, subscribed and paid-up capital | | |
| 1000 (2014: 1000) equity shares of GBP 1 each [Refer note (ii) below] | 69,559 | 69,559 |
| | 69,559 | 69,559 |

(ii) The following is the reconciliation of number of shares

| | As of March 31, | |
|---------------------------------|-----------------|-------|
| | 2015 | 2014 |
| Opening number of equity shares | 1,000 | 1,000 |
| Add: Equity shares | - | - |
| Closing number of equity shares | 1,000 | 1,000 |

(iii) The following is the share holding pattern as at March 31, 2015.

| Name of Shareholders | As at March 31, 2015 | | As at March 31, 2014 | |
|----------------------|----------------------|---------------|----------------------|---------------|
| | No. of Share | % of holdings | No. of Share | % of holdings |
| Wipro Portugal SA | 1000 | 100% | 1000 | 100% |

4. Reserves and Surplus:

| | As of March 31, | |
|--|-----------------|--------------|
| | 2015 | 2014 |
| Translation reserve | | |
| Balance brought forward from previous year | 76,629,425 | (36,328,065) |
| Movement during the period | (17,278,944) | 112,957,491 |
| Closing balance | 59,350,481 | 76,629,425 |
| Surplus from statement of profit and loss | | |
| Balance brought forward from previous year | 790,547,225 | 509,650,142 |
| Add: Profit for the year | 175,890,303 | 280,897,083 |
| Less: Dividend Paid | 747,120,507 | - |
| Closing balance | 219,317,021 | 790,547,225 |
| Summary of reserves and surplus | | |
| Balance brought forward from previous year | 867,176,652 | 473,322,078 |
| Movement during the year | (588,509,148) | 393,854,574 |
| | 278,667,504 | 867,176,652 |

5. Trade payables

| | As of March 31, | |
|--|--------------------|--------------------|
| | 2015 | 2014 |
| Sundry creditors – Due to other than micro and small enterprises | 67,910 | 3,386,239 |
| Sundry creditors – Due to Ultimate Holding Company | 29,112,591 | 67,249,950 |
| Sundry creditors – Due to Parent Company | 75,970,838 | 78,621,182 |
| Accrued Expenses | 54,332,233 | 63,704,117 |
| | 159,483,572 | 212,961,488 |

6. Other current liabilities

| | As of March 31, | |
|----------------------------|-------------------|-------------------|
| | 2015 | 2014 |
| Unearned revenue | 25,864,789 | 1,145,589 |
| Statutory liabilities | 3,753,422 | 11,692,266 |
| Payable to Holding Company | - | 22,388,807 |
| Payable to group Companies | 23,132 | 23,998 |
| Provision for taxation | 25,205,279 | 56,174,116 |
| Others | 8,837,990 | 952,683 |
| | 63,684,612 | 92,377,459 |

8. Trade Receivables (Unsecured)

| | As of March 31, | |
|---|--------------------|--------------------|
| | 2015 | 2014 |
| Debts outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered good | 181,534,208 | 350,885,350 |
| Considered doubtful | 12,416,286 | - |
| | 193,950,494 | 350,885,350 |
| Other debts | | |
| Considered good | | |
| -----Receivable from Holding | - | 93,742,366 |
| -----Receivable from Group Companies | - | 27,271,713 |
| Considered doubtful | - | 17,284,541 |
| | 193,950,495 | 489,183,970 |
| Less: Provision for doubtful debts | 12,416,261 | 17,284,541 |
| | 181,534,234 | 471,899,429 |

9. Cash and bank balances

| | As of March 31, | |
|-----------------------|-----------------|-------------------|
| | 2015 | 2014 |
| Balances with Banks | | |
| - In current accounts | - | 22,012,126 |
| | <u>0</u> | <u>22,012,126</u> |

10. Short term loans and advances

(Unsecured, considered good unless otherwise stated)

| | As of March 31, | |
|---------------------------------|--------------------|--------------------|
| | 2015 | 2014 |
| Balance with excise and customs | - | 2,329,919 |
| Prepaid expenses | 205,870 | 131,851 |
| Advances to Group Companies | 302,853,615 | 563,563,781 |
| Others | 288,691 | 169,703 |
| | <u>303,348,176</u> | <u>566,195,254</u> |

11. Other current assets

| | As of March 31, | |
|------------------|-------------------|--------------------|
| | 2015 | 2014 |
| Unbilled revenue | 17,010,509 | 112,445,104 |
| | <u>17,010,509</u> | <u>112,445,104</u> |

12. Revenue from operations (gross)

| | Year ended March 31, | |
|------------------|----------------------|----------------------|
| | 2015 | 2014 |
| Sale of services | 956,092,080 | 1,643,337,757 |
| | <u>956,092,080</u> | <u>1,643,337,757</u> |

13. Other income

| | Year ended March 31, | |
|----------|----------------------|------------------|
| | 2015 | 2014 |
| Interest | 6,731,906 | 7,239,159 |
| | <u>6,731,906</u> | <u>7,239,159</u> |

14. Employee benefits expense

| | Year ended March 31, | |
|---|----------------------|--------------------|
| | 2015 | 2014 |
| Salaries and wages | 74,229,818 | 209,127,628 |
| Expenses on employee stock option plans (RSU) | (2,320,326) | (1,166,619) |
| Staff welfare expenses | 15,687 | 885,399 |
| | <u>71,925,179</u> | <u>208,846,408</u> |

15. Finance costs

| | Year ended March 31, | |
|--------------|----------------------|----------------|
| | 2015 | 2014 |
| Bank Charges | - | 446,311 |
| | <u>-</u> | <u>446,311</u> |

16. Other expenses

| | Year ended March 31, | |
|--|----------------------|----------------------|
| | 2015 | 2014 |
| Sub contracting / technical fees / third party application | 525,075,076 | 956,346,938 |
| Travel | 20,945,857 | 68,147,958 |
| Advertisement and sales promotion | - | 27,538 |
| Telephone | 1,438,293 | 3,162,247 |
| Power and fuel | 7,352 | 21,108 |
| Rent | 458,065 | 15,657,052 |
| Legal and Professional charges | 4,217,871 | 3,175,625 |
| Provision for doubtful debts | - | 436,142 |
| Other exchange differences, net. | 110,046,093 | 25,693,156 |
| Auditors' remuneration | | |
| As auditor | 1,251,283 | 2,465,362 |
| Miscellaneous expenses | 5,759,075 | 920,353 |
| | <u>669,198,964</u> | <u>1,076,053,479</u> |

17. Related Party Transactions

The Company has the following related parties:

| Party | Relationship |
|---|--------------------------|
| Wipro Limited | Ultimate Holding company |
| Wipro Portugal SA | Holding Company |
| Wipro Technologies Gmbh.(formely Enabler & Retail Consult Gmbh) | Fellow Subsidiary |
| Wipro do Brasil Technologia Ltda | Fellow Subsidiary |
| Wipro France SAS (formerly known as Enabler France SAS) | Fellow Subsidiary |

The following is the listing of transactions with related parties

| Name of the party | For the year ended March 31, | |
|---|------------------------------|-------------|
| | 2015 | 2014 |
| Sub contracting charges- Wipro Limited | 156,607,594 | 180,824,028 |
| Stock Option cost charged- Wipro Limited | 9,401,675 | (1,166,619) |
| Sales-Wipro Limited | 63,706,432.51 | 76,039,121 |
| Sales- Wipro Technologies GMBH | - | 2,102,611 |
| Sales- Wipro portugal SA | - | 21,686,766 |
| Sub contracting charges- Wipro Technologies GMBH | 23,515,259 | 20,906,371 |
| Sub contracting charges-Wipro Portugal SA | 338,801,352 | 746,737,930 |
| Commission expenses- Wipro Technologies GMBH | 5,463,015 | - |
| Interest Income- Wipro Technologies GMBH | 5,960,773 | - |
| Commission expenses- Wipro Cyprus Private limited | 75,195 | - |

The following is the listing of payables to related parties

| Name of the party | Year ended March 31, | |
|---------------------------------|----------------------|------------|
| | 2015 | 2014 |
| Wipro Portugal SA | 75,970,838 | 54,961,014 |
| Wipro Limited | 29,135,723 | 22,103 |
| Wipro Technologies Austria GMBH | - | 2,480,867 |

The following is the listing of receivables from related parties

| Name of the party | Year ended March 31, | |
|------------------------------|----------------------|-------------|
| | 2015 | 2014 |
| Wipro Limited | - | 55,872,694 |
| Wipro Cyprus Private Limited | 106,168,490 | 306,239,457 |
| Wipro Technologies GMBH | 196,685,125 | 260,935,869 |

18. Earnings per Share (EPS)

| Particulars | Year ended March 31, | |
|---|----------------------|-------------|
| | 2015 | 2014 |
| Profit for the year as per the Statement of Profit and Loss | 175,890,303 | 280,897,083 |
| Weighted average number of equity shares used for computing basic and diluted EPS | 1,000 | 1,000 |
| Profit per share basic and diluted (Par value: GBP 1) | 175,890.30 | 280,897 |

19. Wipro Limited, the holding company, has granted employee stock options to employees of the Company. For the Year ended March 31, 2014, the Company has been reversed Rs. 1,166,619 (2013: Rs 2,534,935) for the stock compensation expense arising from options granted by parent.
20. The Company neither has more than one business segment nor more than one geographic segment; hence segment reporting is not required to be disclosed.
21. 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.
22. Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year's 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

Ronojoy Guha

Sd/-

Director

Jatin Dalal

7. 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 adjustments * | As of March 31, 2015 | As of March 31, 2014 |
| Tangible fixed assets ** | | | | | | | |
| Plant & machinery # | 8,259,236 | - | 7,667,561 | 8,225,991 | 19,740 | (590,498) | - |
| Office equipments | 985,807 | (70,621) | 915,187 | 985,807 | - | (70,620) | - |
| | 9,245,042 | (662,295) | 8,582,748 | 9,211,798 | 19,740 | (661,118) | 8,570,421 |
| Previous year - 2014 | 7,619,574 | 1,625,468 | 9,245,042 | 7,575,682 | 19,230 | 1,616,886 | 9,211,798 |
| | | | | | | | 12,328 |
| | | | | | | | 56,758 |
| | | | | | | | (23,513) |
| | | | | | | | 33,245 |
| | | | | | | | 33,246 |

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

Plant and machinery includes computers and computer software