Wipro Do Brasil Sistemas De Informatica Ltda

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2016

WIPRO DO BRASIL SISTEMAS DE INFORMATICA LTDA

BALANCE SHEET AS AT MARCH 31, 2016

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

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3(i)	**33,445,373**	8,038,197
Reserves and surplus	4	**(3,906,873)**	(4,111,552)
		29,538,501	3,926,645
Share application money pending allotment	3(ii)	-	25,407,201
Current liabilities			
Trade payables			
(A)Total outstanding dues of micro and small enterprises		-	-
(B)Total outstanding dues of creditors other than micro and small enterprises	5	**64,713**	16,946,211
Other current liabilities	6	**15,190**	-
Short term provisions	7	**460,085**	273,557
		539,988	17,219,768
TOTAL EQUITY AND LIABILITIES		**30,078,489**	46,553,614
ASSETS			
Current assets			
Trade receivables	8	-	2,021,440
Cash and bank balances	9	**29,942,612**	44,526,666
Short term loans and advances	10	**135,877**	5,508
TOTAL ASSETS		**30,078,489**	46,553,614
Significant accounting policies	2		

The accompanying notes form an integral part of the balance sheet

As per our report of even date attached

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
Place: Bangalore
Date:

sd/-
Director

sd/-
Director

WIPRO DO BRASIL SISTEMAS DE INFORMATICA Ltda.

STATEMENT OF PROFIT AND LOSS ACCOUNT

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

	Notes	Year ended March 31,	
		2016	2015
REVENUE			
Revenue from operations	11	**1,217,244**	54,284,198
Less: Excise duty		**-**	-
Revenue from operations		**1,217,244**	54,284,198
Other income	12	**2,704,767**	-
Total Revenue		**3,922,011**	54,284,198
EXPENSES			
Cost of materials and serivces consumed	13	**822,616**	49,055,580
Other expenses	14	**963,761**	1,062,727
Total Expenses		**1,786,377**	50,118,307
Profit before tax		**2,135,634**	4,165,891
Tax expense			
Current tax		**475,166**	1,416,403
Net Profit		**1,660,468**	2,749,488
Earnings per equity share			
(Equity shares of par value BRL 1 each)			
Basic		**1.18**	6.87
Diluted		**1.18**	1.95
Significant accounting policies	2		

The accompanying notes form an integral part of the balance sheet

As per our report of even date attached

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for Appaji& Co.
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For and on behalf of the Board of Directors

sd/-
CA.K.Appaji
Partner
Membership No. 214156
Place: Bangalore
Date:

sd/-
Director

sd/-
Director

WIPRO DO BRASIL SISTEMAS DE INFORMATICA Ltda.
CASH FLOW STATEMENT FOR THE YEAR MARCH 31, 2016
(Amount in ₹ except share and per share data, unless otherwise stated)

	For the Year ended March 31,	
A. Cash flows from operating activities:	**2016**	2015
Profit / (Loss) before tax	**2,135,634**	4,165,891
Adjustments:		
Dividend / interest income	**(2,704,767)**	-
Unrealised exchange differences	**(1,455,814)**	(6,861,041)
Working capital changes :		
Trade and other receivable	**2,021,440**	(2,021,440)
Loans and advances	**5,508**	(5,508)
Other Current Liabilities	**15,190**	-
Trade and other payables	**(16,881,498)**	16,946,212
Net cash generated from operations	**(16,864,307)**	12,224,114
Direct taxes refund / (paid)	**(424,514)**	(1,142,846)
Net cash generated by operating activities	**(17,288,821)**	11,081,268
B. Cash flows from investing activities:		
Dividend / interest income received	**2,704,767**	
Net cash generated by / (used in) investing activities	**2,704,767**	-
C. Cash flows from financing activities:		
Share application money pending allotment	-	25,407,201
Proceeds from issuance of shares	-	8,038,197
Net cash generated by / (used in) financing activities	-	33,445,398
Net (decrease) / increase in cash and cash equivalents during the period	**(14,584,054)**	44,526,666
Cash and cash equivalents at the beginning of the period	**44,526,666**	-
Cash and cash equivalents at the end of the period [Note 9]	**29,942,612**	44,526,666

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
Place: Bangalore
Date:

sd/-
Director

sd/-
Director

Wipro Do Brasil Sistemas De Informatica Ltda

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

1. Company overview

Wipro Do Brasil Sistemas De Informatica Ltda is a subsidiary of Wipro Information Technology Netherlands BV, Wipro Do Brasil Tecnologia Ltda and Wipro Portugal S.A. The Company is incorporated to trade in IT, electronic and communication products to serve the customers in Brazil. Besides, it also provides development and licensing of customizable computer programs and maintenance thereof. The functional currency of the Company is BRL 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 the 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, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as 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 recognized in the year in which the estimates are revised and in any future year affected.

iii. Fixed Asset

Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any. 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization and impairment loss, if any.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

iv. Inventories

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost is determined using the weighted average method. Cost of work-in-progress and finished goods include material cost and appropriate share of manufacturing overheads. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

v. Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of 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.

Provision for onerous contracts is recognized when the expected benefits to be derived from the contract are lower than the unavoidable cost of meeting the future obligations under the contract.

vi. Revenue recognition

The Company derives revenue primarily from trading of IT products.

Products:

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

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 are recognized as revenue on completion of the terms.

Other income:

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

vii. 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.

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:

Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The difference arising from the translation is recognized in the statement of profit and loss, except for the exchange difference arising on monetary items that qualify as hedging instruments in a cash flow hedge or hedge of a net investment in a non-integral foreign operation. In such cases the exchange difference is initially recognized in hedging reserve or Foreign Currency Translation Reserve (FCTR), respectively. Such exchange differences are subsequently recognized in the statement of profit and loss on occurrence of the underlying hedged transaction or on disposal of the investment, respectively. Further, foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR. When a foreign operation is disposed of, the relevant amount recognized in FCTR is transferred to the statement of profit and loss as part of the profit or loss on disposal.

The Company is a foreign subsidiary of Wipro Limited and has been treated as a non-integral operating unit for translation. The assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the statement of profit and loss are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to foreign currency translation reserve.

viii. Depreciation and amortization

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	28 – 40 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

For the class of assets mentioned above, 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.

Freehold land is not depreciated.

Intangible assets are amortized over their estimated useful life on a straight line basis.

Payments for leasehold land are amortized over the period of lease.

Fixed assets individually costing Rupees five thousand or less are depreciated at 100% over a period of one year.

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

ix. <u>Impairment of assets</u>

<u>Financial assets:</u>

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

<u>Other than financial assets:</u>

The Company assesses at each balance sheet date whether there is any indication that a non-financial 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 statement of profit and loss. If at the balance sheet date there is an indication that 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 of an exceptional nature that is not expected to recur and their effects have been reversed by subsequent external events.

x. Employee benefits

Compensated absences:

The employees of the Company are entitled to compensate absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash 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 absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation carried out by independent actuary using the projected unit credit method. 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 account.

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.

xi. Taxes

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

Deferred tax:

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 taxes are recognized in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of timing difference is determined using first in first out method.

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/substantive 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 realized.

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

The Company offsets, on a year on year basis, the current and non-current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

xii. Earnings per share

Basic:

The number of equity shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year excluding equity shares held by controlled trusts.

Diluted:

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity 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 equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

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.

	As at March 31, 2016	2015
Note 3 Share Capital		
(i) The details of share capital are given below:-		
Authorised capital		
1,407,318 (2015: 1,407,318) Common stock of BRL 1 per share.	**33,445,373**	33,445,397
	33,445,373	33,445,397
Issued, subscribed and fully paid-up capital		
1,407,318 (2015: 400,000) Common stock of BRL 1 per share.	**33,445,373**	8,038,197
	33,445,373	8,038,197
(ii) Share application money pending allotment		
Share application money pending allotment	-	25,407,201
1,007,318 common stock of 1 BRL each		
(iii) The following is the reconciliation of number of shares as at March 31, 2016.		
Number of common stock outstanding as at beginning of the year	**400,000**	-
Number of common stock issued during the year	**1,007,318**	400,000
Number of common stock outstanding as at the end of the year	**1,407,318**	400,000

(iv) Details of share holding pattern by related parties

	As of March 31, 2016		2015	
Name of shareholders	**No. of shares**	**% of holdings**	No. of shares	% of holdings
Wipro Do Brasil Tecnologia Ltda	1,015,318	72%	8,000	2%
Wipro Portugal, S.A.	384,000	27%	384,000	96%
Wipro Information Technology Netherlands BV	8,000	1%	8,000	2%
Total	**1,407,318**	**100%**	400,000	100%

Terms/Rights attached to equity shares

The company has only one class of equity shares having a par value of BRL 1 per share. Each share holder of equity shares is entitled to one vote per share.

	As at March 31,	
Note 4 Reserves and Surplus	**2016**	2015
Translation reserve		
Balance brought forward from previous year	**(6,861,040)**	-
Movement during the period	**(1,455,789)**	(6,861,041)
	(8,316,830)	(6,861,041)
Surplus from statement of profit and loss		
Balance brought forward from previous year	**2,749,488**	-
Add: Profit for the year	**1,660,468**	2,749,488
Closing balance	**4,409,956**	2,749,488
Summary of reserves and surplus		
Balance brought forward from previous year	**(4,111,552)**	-
Movement during the year	**204,679**	(4,111,553)
	(3,906,873)	(4,111,552)
Note 5 Trade payables		
Trade Payables-Due to other than micro and small enterprises	-	16,884,334
Accrued expenses	**64,713**	61,877
	64,713	16,946,211
Note 6 Other current liabilities		
Statutory liabilities	**15,190**	-
	15,190	-
Note 7 Short term provisions		
Provision for tax	**460,085**	273,557
	460,085	273,557
Note 8 Trade Receivable		
Unsecured:		
Over six months from the date they were due for payment		
Considered good	-	-
Considered doubtful	-	-
	-	-
Less: Provision for doubtful receivables	-	-
	-	-
Considered good	-	2,021,440
Considered doubtful	-	-
	-	2,021,440
Less: Provision for doubtful receivables	-	-
	-	2,021,440
	-	2,021,440

Note 9 Cash and bank balances	As at March 31, 2016	2015
Cash and cash equivalents		
Balances with banks		
In current accounts	**1,525,994**	44,526,666
In deposit accounts	**28,416,618**	-
	29,942,612	44,526,666

Note 10 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2016	2015
Balances with excise, customs and other authorities	**-**	5,508
Advance income tax	**135,876**	-
	135,876	5,508

	As at March 31, 2016	2015
Note 11: Revenue		
Sale of products	**1,217,244**	31,679,634
Sale of services	**-**	22,604,564
Revenue from operations (gross)	**1,217,244**	**54,284,198**
Note 12: Other Income		-
Interest Income	**2,704,767**	-
	2,704,767	**-**
Note 13: Cost of materials consumed	**822,616**	49,055,580
	822,616	**49,055,580**
Note 14: Other expenses		
Legal and professional charges	**820,704**	904,422
Rates and taxes	**105,526**	2,402
Miscellaneous expenses	**37,531**	155,903
	963,761	**1,062,727**

15. Earnings/ (Loss) per share

	As at March 31, 2016	2015
Computation of EPS		
Profit for the year as per statement of profit and loss	**1,660,468**	**2,749,488**
Weighted average number of equity shares used for computing basic EPS	**1,407,318**	400,000
Gain/ (Loss) per share basic (face value: BRL 1 each)	**1.18**	6.87
Weighted average number of equity shares used for computing Diluted EPS	**1,407,318**	1,407,318
Gain/ (Loss) per share diluted (face value: BRL 1 each)	**1.18**	1.95

16. Related party transactions

Name	Relation
List of related parties and relationships:	
Wipro Limited	Ultimate Holding Company
Wipro Information Technology BV	Holding Company
Wipro Do Brasil Tecnologia Ltd	Holding Company
Wipro Portugal S.A	Holding Company

The Company had no transactions with related parties during the year ended March 31' 2016.

17. 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.

18. Others

Correponding figures presented for the last year have been regrouped, wherever necessary, to conform to current year classification.

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

Place: Bangalore

Date:

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Director

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Director