

WIPRO INFORMATION
TECHNOLOGY EGYPT SAE

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
MARCH 31, 2016

FINANCIAL STATEMENTS OF Wipro Information Technology Egypt SAE

WIPRO INFORMATION TECHNOLOGY EGYPT SAE

BALANCE SHEET

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

	Notes	As on March 31,	
		2016	2015
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
Share Capital	3	72,87,242	72,87,242
Reserves and Surplus	4	(1383,18,990)	(1060,79,541)
		<u>(1310,31,748)</u>	<u>(987,92,299)</u>
2. Share application money pending allotment	5	147,48,503	147,48,503
3. Non- current liabilities			
Long Term Borrowings.....	6	1252,92,100	973,39,437
Deferred Tax liabilities (Net).....		-	-
		<u>1252,92,100</u>	<u>973,39,437</u>
4. Current Liabilities			
Trade payables.....	7	609,38,647	461,16,863
Other current liabilities.....	8	66,91,285	56,81,262
Short term provisions.....	9	69,05,526	76,39,388
		<u>745,35,458</u>	<u>594,37,514</u>
TOTAL EQUITY AND LIABILITIES		<u>835,44,312</u>	<u>727,33,153</u>
II ASSETS			
1. Non-current assets			
Fixed assets			
Tangible assets		-	-
Capital work-in-progress		-	-
Deferred tax assets (net)		25,090	27,756
Long-term loans and advances	10	-	-
		<u>25,090</u>	<u>27,756</u>
2. Current assets			
Trade receivables	11	-	-
Cash and bank balances.....	12	563,90,564	486,08,635
Short-term loans and advances	13	55,094	60,949
Other current assets.....	14	270,73,564	240,35,813
		<u>835,19,222</u>	<u>727,05,397</u>
TOTAL ASSETS.....		<u>835,44,312</u>	<u>727,33,153</u>

As per our report attached
 For, **Y. S. SHETTY & CO.**
 Chartered Accountants
 Firm Registration number :006308S

For and on behalf of Board of Directors

(Shyam Prasad Shetty.Y.)
 Partner
 Membership no. 202597

S/d

S/d

Place : Bangalore
 Date : 27/05/2016

WIPRO INFORMATION TECHNOLOGY EGYPT SAE

STATEMENT OF PROFIT AND LOSS ACCOUNT

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

	Notes	For the year ended March 31,	
		2016	2015
REVENUE			
Revenue from operations (gross).....	14	-	9,15,060
Revenue from operations (net).....		-	9,15,060
EXPENSES			
Employee benefits expense	15	-	3,28,923
Finance Costs	16	31,30,641	26,94,454
Depreciation expense.....		-	-
Other expense	17	420,01,255	135,70,000
Total Expense		<u>451,31,896</u>	<u>165,93,377</u>
Profit/(Loss) before tax		(451,31,896)	(156,78,317)
Tax expense		-	(23,42,168)
Current tax		-	-
Net Profit/(Loss)		<u>(451,31,896)</u>	<u>(133,36,148)</u>
Earnings per equity share [Refer note 21]			
(Equity shares of par value EGP 100/- each)			
Basic		(5,471)	(1,617)
Diluted		(1,615)	(477)

As per our report attached
For, **Y. S. SHETTY & CO.**
Chartered Accountants
Firm Registration number : 006308S

For and on behalf of Board of Directors

(Shyam Prasad Shetty.Y.)
Partner
Membership no. **202597**

S/d

S/d

Place : Bangalore
Date : 27/05/2016

FINANCIAL STATEMENTS OF Wipro Information Technology Egypt SAE

WIPRO INFORMATION TECHNOLOGY EGYPT SAE

CASH FLOW STATEMENT

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

	Year ended March 31,	
	2016	2015
A. Cash flows from operating activities:		
Profit/(Loss) before tax.....	(451,31,896)	(156,78,317)
<i>Adjustments:</i>		
Depreciation/ amortisation/ Asste write-off.....	-	22,51,489
Exchange differences, net.....	128,95,111	32,80,102
<i>Working capital changes :</i>		
Increase / (decrease) in trade payables.....	148,21,783	(39,95,168)
Increase / (decrease) in short-term provisions.....	(7,33,862)	(3,15,636)
Increase / (decrease) in other current liabilities.....	10,10,023	(34,07,152)
Increase / (decrease) in trade receivables.....	-	64,79,072
Increase / (decrease) in long-term loans & advances.....	-	11,87,093
Increase / (decrease) in short-term loans & advances.....	5,855	5,59,567
Increase / (decrease) in other current assets.....	(30,37,751)	(11,68,495)
Net cash generated from / (used in) operations.....	(201,70,735)	(108,07,444)
Direct taxes (paid)/refund, net.....	-	-
Net cash generated by / (used in) operating activities.....	(201,70,735)	(108,07,444)
B. Cash flows from investing activities:		
Acquisition of fixed assets	-	-
Net cash from / (used in) investing activities.....	-	-
C. Cash flows from financing activities:		
Repayments of long-term borrowings.....	279,52,663	15,00,807
Net cash used in financing activities.....	279,52,663	15,00,807
Net (decrease) / increase in cash and cash equivalents during the period.....	77,81,928	(93,06,636)
Cash and cash equivalents at the beginning of the period.....	486,08,635	579,15,271
Cash and cash equivalents at the end of the period	563,90,563	486,08,635

As per our report attached
For, **Y. S. SHETTY & CO.**
Chartered Accountants
Firm Registration number : 006308S

For and on behalf of Board of Directors

(Shyam Prasad Shetty.Y.)
Partner
Membership no. 202597

S/d

S/d

Place : Bangalore
Date : 27/05/2016

NOTES TO THE FINANCIAL STATEMENT

(In Rupee, except share and per share data, unless otherwise stated)

Note 1. Company overview

Wipro Information Technology Egypt SAE (“the Company”) is a subsidiary of Wipro Cyprus Private Limited. The Company is registered in Egypt effective from 18th May 2008.

Wipro Information Technology Egypt SAE is a services provider that aims to deliver technology solutions to drive business needs of its Clients in Egypt in Engineering Services, Industrial Products, Systems & Integration and Information Technology.

Note 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.

FINANCIAL STATEMENTS OF Wipro Information Technology Egypt SAE

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 Depreciation

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 – 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. Leases

Leases of assets, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease rentals in respect of assets taken under operating leases are charged to statement of profit and loss on a straight line basis over the lease term.

In certain arrangements, the Company recognizes revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognizes unearned income as financing revenue over the lease term using the effective interest method.

vi. Investments

Long term investments are stated at cost less other than temporary diminution in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

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.

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.

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.

viii. 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.

ix. Earnings per share

The number of shares used in computing basic earnings 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.

x. 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.

xi. 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.

FINANCIAL STATEMENTS OF Wipro Information Technology Egypt SAE

FINANCIAL STATEMENTS OF WIPRO INFORMATION TECHNOLOGY EGYPT SAE NOTES TO BALANCE SHEET

Note 3 Share Capital

	As of March 31,	
	2016	2015
Authorised capital		
50000 (March 31, 2015: 50000) equity shares of EGP. 100 each	220,35,734	220,35,754
	220,35,734	220,35,754
Issued, subscribed and paid-up capital		
8250(March 31, 2014: 8250) equity shares of EGP. 100 each [Refer note (ii) below]	72,87,242	72,87,242
	72,87,242	72,87,242
(ii) The following is the reconciliation of number of shares as at March 31, 2015.		
Opening number of equity shares.....	8,250	8,250
Further Equity shares allotted during the year	-	-
Closing number of equity shares outstanding.....	8,250	8,250

Note: 1 share of the Company is held in trust by Wipro Singapore Pte. Limited. The Transfer of the shares of the company to Wipro Cyprus Private Limited will be given effect through due process under relevant laws and regulations.

Note 4 Reserves and Surplus

Translation Reserve		
Balance brought forward from previous year	(4,85,300)	(39,01,158)
Additions during the year	128,92,447	34,15,858
Adjustment of Opening Balance	8,15,518	
Deductions during the year	-	
	132,22,665	(4,85,300)
General reserve		
Balance brought forward from previous year	(1055,94,241)	(922,58,093)
Transferred from Profit & Loss Account	(451,31,896)	(133,36,148)
Adjustment of Opening Balance	(8,15,518)	
Deductions during the year	-	
	(1515,41,655)	(1055,94,241)
Surplus from statement of profit and loss		
Balance brought forward from previous year	(1064,09,759)	(922,58,093)
Add: Profit/(Loss) for the year	(451,31,896)	(133,36,148)
Less: Appropriations		
- Amount transferred to general reserve	-	-
Closing balance.....	(1515,41,655)	(1055,94,241)
Summary of reserves and surplus		
Balance brought forward from previous year	(1060,79,541)	(961,59,251)
Movement during the year	(322,39,449)	(99,20,290)
	(1383,18,990)	(1060,79,541)

	As of March 31,	
	2016	2015
Note 6 Long Term Borrowings		
Loan taken from Cyprus (Holding Co.)	1252,92,100	973,39,437
	1252,92,100	973,39,437

Note 7 Trade payables

Sundry creditors	242,62,881	74,15,801
Payable to Group companies	366,75,766	387,01,062
	609,38,647	461,16,863

Note 8 Other current liabilities

Statutory liabilities	66,91,285	56,81,262
Other Liabilities	-	-
	66,91,285	56,81,262

FINANCIAL STATEMENTS OF Wipro Information Technology Egypt SAE

FINANCIAL STATEMENTS OF WIPRO INFORMATION TECHNOLOGY EGYPT SAE NOTES TO BALANCE SHEET

	As of March 31,	
	2016	2015
Note 9 Short term provisions		
Provision for tax less advance tax	69,05,526	76,39,388
	69,05,526	76,39,388
Note 11 Trade Receivables (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	72,39,141	77,19,123
Less: Provision for doubtful debts.....	(72,39,141)	(77,19,123)
	-	-
Other receivables		
Considered good	-	-
	-	-
Total (A + B).....	-	-
Note 12 Cash and cash equivalents		
Balances with scheduled banks		
In current account	563,90,564	486,08,635
	563,90,564	486,08,635
Note 13 Short-term loans and advances		
Employee travel & other advances	55,094	60,949
Advance to suppliers	-	-
	55,094	60,949
Note 14 Other current assets		
Receivable from Group companies	270,73,567	240,35,813
	270,73,567	240,35,813

FINANCIAL STATEMENTS OF WIPRO INFORMATION TECHNOLOGY EGYPT SAE
NOTES TO PROFIT AND LOSS ACCOUNT

	Year ended March 31,	
	2016	2015
Note 14 Revenue from Operations		
Sale of products	-	-
Sale of services	-	9,15,060
Revenue from operations (gross)	-	9,15,060
Note 15 Employee benefits expense		
Salaries and wages	-	3,28,923
	-	3,28,923
Note 16 Finance costs		
Interest Cost	30,71,684	26,68,075
Bank charges and others	58,957	26,380
	31,30,641	26,94,454
Note 17 Other expenses		
Sub contracting / technical fees / third party application	29,76,747	3,77,869
Travel	-	6,107
Rates and taxes	68,64,396	-
Legal and professional charges	165,37,056	11,86,284
Other exchange differences, net	157,14,988	40,59,667
Provision for doubtful debts	(91,932)	79,40,072
	420,01,253	135,70,000

Note: 18 – Related party transactions

List of related party and relationships:-

Name of the party	Relationship with The Company
Wipro Limited	Ultimate Holding Company
Wipro Arabia Ltd	Fellow Subsidiary
Wipro Bahrain Limited WLL	Fellow Subsidiary
Wipro Cyprus Pvt. Ltd	Holding Company

Following is the listing of transactions with Related parties: -

Name of the party	For the year ended	
	March 31, 2016	March 31, 2015
Loan taken - Wipro Cyprus Pvt. Ltd.	29,369,356	1,500,807

The following is the listing of receivables and payables to related parties as at March 31, 2016.

(In Rs)

Name of the party	As at	
	March 31, 2016	March 31, 2015
Payables:		
Wipro Limited	32,977,186	36,480,723
Wipro Cyprus Pvt. Ltd		2,131,061
Wipro Arabia Ltd	102,573	89,277
Loan payable to Wipro Cyprus Pvt. Ltd.	128,888,106	97,339,437

Name of the party	As at	
	March 31, 2016	March 31, 2015
Receivable:		
Wipro Limited	26,925,105	23,871,573
Wipro Bahrain Limited WLL.	148,462	164,239

Note 19. Earnings per share

(In Rs)

Computation of EPS	For the year ended	
	March 31, 2016	March 31, 2015
Profit/(Loss) for the year as per profit and loss account	(45,131,895)	(13,336,125)
Weighted average number of equity shares used for computing basic EPS	8250	8,250
Earnings per share basic (face value: EGP 100 each)	(5471)	(1617)
Weighted average number of equity shares used for computing Diluted EPS	27,942	27,942
Earnings per share Diluted (face value: EGP 100 each)	(1615)	(477)

Note 20. Segment reporting

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

Note 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.

Note 22. Transfer pricing.

The Company's management is of the opinion that its international transactions with related parties are at arm's length and that the Company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2016, particularly on the amount of tax expense and that of the provision for taxation.

Note 23.

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.

Note 24.

The figures of the previous period have been regrouped / reclassified, where necessary, to conform to the current year classification.

For, **Y. S. SHETTY & Co.**
Chartered Accountants
Firm Registration number: 006308S

For and on behalf of Board of Directors

(Shyam Prasad Shetty Y)
Partner
Membership number: **202597**
Place: Bangalore
Date:

S/d

S/d

(iii) Details of Shareholding Pattern by Related Parties

Sl No.	Name of Shareholders	As at March 31 2016		As at March 31 2015	
		No. of Share	% of holdings	No. of Share	% of holdings
1	Wipro Cyprus Private Limited	8,249	99.99	8,249	99.99

Note 5 Share Application Pending Allotment

- a) Number of Shares proposed to be issued for share application money pending allotment as on **March 31, 2016** and 2015 is **19692** and 19692 respectively, representing the shares to be issued for Shares subscribed by Wipro Cyprus Pvt Ltd.
- b) No Securities Premium for Shares pending allotment as at **March 31, 2016** and 2015 respectively.
- c) The shares pending allotment as at the year end is expected to be allotted by **August 31, 2013** depending on completion of new Directors appointment, updation of commercial register etc.
- d) The Company has sufficient Authorized Equity Share capital to cover the Share capital on allotment of shares pending allotment as at **March 31, 2016** and 2015.
- e) There are no interest accrued and due on amount due for refund as on **March 31, 2016** and 2015.
- f) **19692** Equity shares at EGP 100 each are pending for allotment beyond the period for allotment as of March 31, 2015. The allotment of shares at par value will be made upon completion of appointment of new Directors for this entity and then convening of meeting for consideration of allotment of shares.