DESIGNIT OSLO A/S

STANDALONE FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2016

DESIGNIT OSLO A/S
BALANCE SHEET

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

	Note	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	781,690
Reserves and Surplus	4	9,489,180
		10,270,870
Share application money pending allotment		-
Non-current liabilities		
Long term provisions	5	16,338,871
		16,338,871
Current liabilities		
Trade payables*	6	90,562,363
Other current liabilities	7	20,120,452
Short term provisions	8	7,567,215
		118,250,030
TOTAL EQUITY AND LIABILITIES		144,859,771
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	9	8,244,135
Deferred tax assets		5,361,703
		13,605,838
Current assets		
Trade receivables	10	69,933,334
Cash and bank balances	11	33,753,686
Short term loans and advances	12	2,221,146
Other current assets	13	25,345,767
		131,253,933
TOTAL ASSETS		144,859,771

*Trade Payables include balances due to Micro & Small Enterprises ₹ NIL as on 31st March 2016.

The accompanying notes form an integral part of financial statements

For and on behalf of the Board of Directors

for M/s. D.Prasanna & Co.
Chartered Accountants
FRN.: 009619S

Sd/-
Prasanna Kumar D
proprietor
Membership No. 211367

Sd/-
Christian Sogaard
Director

Bangalore
May 19, 2016

DESIGNIT OSLO A/S
STATEMENT OF PROFIT AND LOSS

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

	Notes	Year ended March 31, 2016
REVENUE		
Revenue from operations (gross)	14	**193,979,240**
Less: Excise duty		-
Revenue from operations (net)		**193,979,240**
Other income	15	**(863,682)**
Total Revenue		**193,115,558**
EXPENSES		
Employee benefits expense	16	**135,504,546**
Finance costs	17	**1,925,617**
Depreciation and amortisation expense	9	**1,423,741**
Other expenses	18	**59,739,516**
Total Expenses		**198,593,421**
Profit before tax		**(5,477,864)**
Net Profit		**(5,477,864)**
Loss per equity share		
(Equity shares of par value ₹ 7817 each)		
Basic		**(54,779)**
Diluted		**(54,779)**

The accompanying notes form an integral part of financial statements

For and on behalf of the Board of Directors

for M/s. D.Prasanna & Co.
Chartered Accountants
FRN.: 009619S

Sd/-
Prasanna Kumar D
proprietor
Membership No. 211367

Sd/-
Christian Sogaard
Director

Bangalore
May 19, 2016

DESIGNIT OSLO A/S
CASFHLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016
(Amount in ₹,except share and per share data,unless otherwise stated)

	Year ended March 31, 2016
A. Cash flows from operating activities:	
Profit before tax	(5,477,864)
Adjustments:	
Depreciation, amortisation and impairment charge	1,423,741
Interest on borrowings	1,438,371
Dividend / interest income	487,246
Working capital changes:	
Trade receivables and unbilled Revenue	(37,773,215)
Loans and advances and other assets	(14,960,841)
Liabilities and provisions	99,434,051
Net cash generated from operations	44,571,490
Direct taxes paid, net	(5,012,436)
Net cash generated from operating activities	**39,559,054**
B. Cash flows from investing activities:	
Acquisition of fixed assets incuding capital advances	(7,426,187)
Dividend / interest received	(487,246)
Net cash used in investing activities	**(7,913,434)**
C. Cash flows from financing activities:	
Interest paid on borrowings	(1,438,371)
Net cash used in financing activities	**(1,438,371)**
Net increase in cash and cash equivalents during the year	30,207,249
Cash and cash equivalents at the beginning of the year	2,761,502
Effect of exchange rate changes on cash and cash equivalent	784,935
Cash and cash equivalents at the end of the year (refer note 11)	**33,753,686**

The accompanying notes form an integral part of financial statements

For and on behalf of the Board of Directors

for M/s. D.Prasanna & Co.
Chartered Accountants
FRN.: 009619S

Sd/-
Prasanna Kumar D
proprietor
Membership No. 211367

Sd/-
Christian Sogaard
Director

Bangalore
May 19, 2016

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

1. Company overview

Design Oslo AS is a subsidiary of Designit A/S ('the holding company'). The Company is incorporated in Norway and is engaged in design services. The functional Currency of the company is NOK and the reporting currency for these financial statements is INR. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of Indian Companies Act, 2013.

2. Significant accounting policies

i. Basis of preparation of financial statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, 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 recognised in the year in which the estimates are revised and in any future year affected.

i. 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.

iii. Provisions and contingent liabilities

Provisions are recognised 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.

iv. Revenue recognition

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

Services:

The Company recognizes revenue when the 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 depends 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. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates 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' represent cost and earnings in excess of billings as at the end of the reporting period. 'Unearned revenues' represent billing in excess of revenue recognized. *Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.*

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

D. Others

- The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.
- The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.
- Costs that relate directly to a contract and incurred in securing a contract are recognized as an asset and amortized over the contract term.
- Contract expenses are recognised as expenses by reference to the stage of completion of contract activity at the end of the reporting period.

Products:

Revenue from sale of products is recognised 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.

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 rates implicit in the transaction.

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

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 interest income and the estimated residual value of the leased equipment on consummation of such leases. Unearned interest 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 interest income as financing revenue over the lease term using the effective interest method.

vi. 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 recognised 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 recognised in hedging reserve or Foreign Currency Translation Reserve (FCTR), respectively. Such exchange differences are subsequently recognised 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 Designit A/S 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.

vii. 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	5 years
Furniture and fixtures	3 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.

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

viii. Impairment of assets

Financial assets:

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 recognised 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 recognised impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

Other than financial assets:

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 recognised 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.

Compensated absences:

The employees of the Company are entitled to compensated 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 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.

Gratuity:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC), HDFC Standard Life, TATA AIG life and Birla Sun-life. The Company’s obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

ix. 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 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 of the Company.

Deferred taxes are recognised 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 recognised in the period that includes the enactment/substantive 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 realized. 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 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.

x. 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.

xi. 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.

(iii) Details of share holding pattern		
	As at March 31,	
	2016	
Name of shareholder	**No. of share**	**%of holding**
Designit A/S	100	100
Total	**100**	**100**

		As at Mar 31, 2016
Note 3 Share Capital		
Authorised capital		
100 equity shares [Par value of of NOK 100 per share]		781,690
		781,690
Issued, subscribed and fully paid-up capital		
100 equity shares of ₹ 7817 per share		781,690
		781,690
Note 4 Reserves and Surplus		
Foreign exchange translation reserve		
Movement during the year		331,870
	(A)	**331,870**
Surplus from statement of profit and loss		
Loss for the year		(5,477,864)
	(B)	**(5,477,864)**
Summary of reserves and surplus		
Reserves at the time of acquisition		14,635,174
Movement during the year	**(A+B)**	(5,145,994)
		9,489,180
Note 5 Long term Provisions		
Employee benefit obligation		16,338,871
		16,338,871
Note 6 Trade payables		
Trade Payables		90,562,363
		90,562,363
Note 7 Other current liabilities		
Statutory liabilities		20,120,452
		20,120,452
Note 8 Short term provisions		
Provision for tax		7,567,215
		7,567,215

NOTE 9 TANGIBLE ASSETS

PARTICULARS	Gross Block				Accumulated Depreciation			Net Block
	Additions	Additions due to acquisition	Effect of Translation *	As of March 31, 2016	Depreciation for the period	Effect of Translation *	As of March 31, 2016	As of March 31, 2016
(a) Tangible fixed assets								
Buildings**	4,843,882	-	59,417	**4,903,299**	57,667	707	**58,374**	**4,844,925**
Furniture, fixture	2,582,306	1,944,967	77,982	**4,605,255**	1,191,431	14,615	**1,206,045**	**3,399,210**
	7,426,187	**2,119,611**	**137,400**	**9,508,554**	**1,423,741**	**15,322**	**1,264,419**	**8,244,135**

*Represents transaltion of fixed assets of non-intergral operationsinto Indian rupee

**Leasehold Improvements

Note 10 Trade Receivable

Other receivables

Considered good*	69,933,334
Considered doubtful	48,565
	69,981,898
Less: Provision for doubtful receivables	(48,565)
	69,933,334
	69,933,334

*Debtors are due less than six months from the date they were due for payment

Note 11 Cash and bank balances

Cash and cash equivalents

Balances with banks	
In current accounts	33,753,686
	33,753,686

Note 12 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

Employee travel & other advances	1,019,283
Prepaid expenses and other deposits	1,201,863
	2,221,146

Note 13 Other current assets

Unsecured and considered good:

Unbilled revenue	25,345,766
	25,345,766

	Year ended Mar 31, 2016
Note 14 Revenue from Operations	
Sale of services	193,979,240
Revenue from operations (gross)	**193,979,240**
Note 15 Other Income	
Income from current investments	
Difference in exchange	(863,682)
	(863,682)
Note 16 Employee benefits expense	
Salaries and wages	111,901,038
Contribution to provident and other funds	122,280
Gratuity and pension	19,890,990
Staff welfare expenses	3,590,238
	135,504,546
Note 17 Finance costs	
Interest Cost	1,925,617
	1,925,617
Note 18 Other expenses	
Sub contracting / technical fees / third party application	37,048,482
Travel	7,550,450
Repairs to building	484,913
Repairs to machinery	1,407,172
Repairs to others	2,377,775
Power and fuel	111,005
Rent	3,464,872
Communication	2,633,430
Advertisement and sales promotion	376,975
Legal and professional charges	411,801
Staff recruitment	637,424
Insurance	798,834
Provision/write off of bad debts	48,564
Auditors' remuneration	
Audit fees	733,581
Miscellaneous expenses	1,654,239
	59,739,516

Note 19. Related Party Transaction:

The following are the entities with which the Company has related party transactions:

Name of the party	Relationship with The Company
Designit A/S	Holding Company
Designit Denmark A/S	Fellow Subsidiary
Designit Munich GmbH	Fellow Subsidiary
Designit Sweden AB	Fellow Subsidiary
Designit TLV Ltd.	Fellow Subsidiary

The Company had the following transactions with related parties during the year ended March 31, 2016.

Particulars	**For the year ended**
	March 31, 2016
Designit A/S	
Sales and Services	**1,643,996**
Subcontracting & Technical Fees	**16,491,649**
Designit Denmark A/S	
Sales and Services	**343,497**
Subcontracting & Technical Fees	**1,816,838**
Designit Munich GmbH	
Sales and Services	**(44,088)**
Subcontracting & Technical Fees	**2,229,725**
Designit Sweden AB	
Sales and Services	**11,407,451**
Subcontracting & Technical Fees	**1,354,475**

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

Name of the party	**For the year ended**
	March 31, 2016
Payables:	
Designit Munich GmbH	**438,083**
Designit A/S	**63,174,780**
Receivables:	
Designit Sweden AB	**17,075,048**
Designit TLV Ltd.	**780,273**

Note 20. **Segment reporting**

The financials form part of consolidated financial statements of Ultimate Holding Company Wipro Limited in the annual report. In accordance with Accounting Standard 17, Segment Reporting, the segment information is disclosed in the consolidated financial statements."

Note 21.

This being the first year of operation post acquisition, comparatives are not provided.

Note 22.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.

The accompanying notes form an integral part of financial statements

For and on behalf of the Board of Directors

for M/s. D.Prasanna & Co.
Chartered Accountants
FRN.: 009619S

Sd/-
Prasanna Kumar D
proprietor
Membership No. 211367

Sd/-
Christian Sogaard
Director

Bangalore
May 19, 2016