WIPRO IT SERVICES INC.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2016

Wipro IT Services Inc.
BALANCE SHEET
(Amount in INR, except share and per share data, unless otherwise stated)

	Note	As on March 31, 2016
I. EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	**68,418**
Reserves and surplus	4	**903,703,549**
		903,771,967
Non-current liabilities		
Other long term liabilities	5	**706,642,680**
		706,642,680
4 Current liabilities		
Trade payables	6	**2,626,383**
Other current liabilities	7	**29,322,363,604**
		29,324,989,987
TOTAL EQUITY AND LIABILITIES		**30,935,404,634**
II ASSETS		
1. Non-current assets		
Fixed assets		
Intangible assets and goodwill	8	**282,049,271**
Non-current investments	9	**30,369,659,160**
Deferred tax assets		**20,901,971**
		30,672,610,402
2. Current assets		
Cash and bank balances	10	**3,875,327**
Short term loans and advances	11	**258,345,750**
Other current assets	12	**573,155**
		262,794,232
TOTAL ASSETS		**30,935,404,634**

The accompanying notes form an integral part of the balance sheet

for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

For and on behalf of the Board of Directors

-Sd-	-Sd-	-Sd-
D.Prasanna Kumar	Ashish Chawla	N.S. Bala
Proprietor	Director	Director
Membership No. 211367		
Bangalore		

Wipro IT Services Inc.

STATEMENT OF PROFIT AND LOSS ACCOUNT

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

	Note	ɔr the year ended March 31, 2016
REVENUE		
Other income	13	**565,447**
Total Revenue		**565,447**
EXPENSES		
Finance costs	14	**20,051,589**
Depreciation and amortisation expense		**23,201,839**
Other expenses	15	**39,430,596**
Total Expenses		**82,684,024**
Profit before tax		**(82,118,577)**
Tax expense		
Current tax		
Deferred tax		**20,901,971**
Net Profit		**(61,216,606)**
Earnings per equity share		
(Equity shares of par value USD 1 each)		
Basic		**(734,599)**
Diluted		**(734,599)**

The accompanying notes form an integral part of the Statement of profit and loss

As per our report attached

for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

-Sd-

D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

For and on behalf of the Board of Directors

-Sd-

Ashish Chawla
Director

-Sd-

N.S. Bala
Director

Wipro IT Services Inc.

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

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

Particulars	Year ended March 31, 2016
A. Cashflows from operating activities:	
Loss before tax	(82,118,577)
Adjustments:	
Depreciation and amortization	23,201,839
Unrealised exchange differences - net	974,928,861
Dividend / interest - net	(565,447)
Interest on borrowings	20,051,589
Working capital changes:	
Liabilities & Provision	732,122,724
Net cash generated from operations	1,667,620,989
Direct taxes (paid)/ refund, net	-
Net cash generated from/ (used in) operating activities	1,667,620,989
B. Cashflows from investing activities:	
Investment in Subsidiaries	(30,369,659,160)
Loan to Subsidiary	(258,345,750)
Acquisition of fixed assets	(314,994,170)
Net cash generated from/ (used in) investing activities	(30,942,999,080)
C. Cashflows from financing activities:	
Proceeds from issue of share capital	68,418
Proceeds from short-term borrowings	29,279,185,000
Net cash used in financing activities	29,279,253,418
Net (decrease)/ increase in cash and cash equivalents during the period	3,875,327
Cash and cash equivalents at the end of the period (*Refer Note 10)	3,875,327

for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

-Sd-

D.Prasanna Kumar
Proprietor
Membership No. 211367
Bangalore

For and on behalf of the Board of Directors

-Sd-

Ashish Chawla
Director

-Sd-

N.S. Bala
Director

NOTES TO THE FINANCIAL STATEMENTS

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

1. Company Overview

Wipro IT Services Inc. ("the Company") is a subsidiary of Wipro LLC ('the holding company'). The company is incorporated in USA and is engaged in the software development services.

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 Assets

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. 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.

v. 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 services rendered.

A. Time and Material Contracts

Revenue 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 system 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 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. Revenue from the sale of user license 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 products 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. Commission in lieu of marketing support services are recognized when an enforceable contract is entered with a customer and/ or a right to collection is established.

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

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

vi. 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 leases 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.

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	30-40 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

Freehold land is not depreciated.

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 in Part C of Schedule II of the Companies Act, 2013.

ix. Employee Benefits

<u>Compensated absences</u>:

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. 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

<u>Pension and social contribution</u>:

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.

x. Taxes

<u>Income Tax</u>:

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

<u>Deferred Tax</u>**:**

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.

xi. Earnings per share

<u>Basic</u>:

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.

<u>Diluted</u>:

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.

xii. 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 of March 31, 2016

Note 3 Share Capital

(i) The details of share capital are given below:-

Authorised capital	
1000 equity shares of USD 0.1 each (in USD)	10
	10
Issued, subscribed and fully paid-up capital	
1000 equity shares of USD 0.01 each	684
Equity Contribution	67,734
	68,418

(ii) The following is the reconciliation of number of shares as at March 31, 2015.

Number of common stock outstanding as at beginning of the year	-
Number of common stock issued during the year	1,000.00
Number of common stock outstanding as at the end of the year	1,000.00

4. Reserves and Surplus

	As of March 31,
Translation Reserve	**2016**
Movement during the period	964,920,155
	964,920,155
Surplus from statement of profit and loss	
Profit for the year	(61,216,606)
Closing balance	(61,216,606)
Summary of reserves and surplus	
Movement during the year	903,703,549
	903,703,549

5. Other current liabilities

	As of March 31, 2016
Other Non Current Liabilities	706,642,680
	706,642,680

6. **Trade payables**

	As of March 31, 2016
Accrued expenses	2,626,383
	2,626,383

7. **Other current liabilities**

	As of March 31, 2016
Current Maturities of loan term borrowings	29,279,185,000
Interest accrued but not due on borrowings	20,324,942
Balances due to Ultimate Holding Company	22,853,662
	29,322,363,604

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8. Intangible assets

Particular	GROSS BLOCK					ACCUMULATED AMORTISATION					NET BLOCK	
	As of April 1, 2015	Additions	Effect of Translation*	Disposals	As of March 31, 2016	As of April 1, 2015	Depreciation for the year	Effect of Translation *	Disposals / adjustments	As of March 31, 2016	As of March 31, 2016	As of March 31, 2015
Intangible fixed assets												
Patents & Trademarks	-	314,994,170	(9,743,059)	-	305,251,111	-	23,201,839	-	-	23,201,839	282,049,271	-
	-	314,994,170	(9,743,059)	-	305,251,111	-	23,201,839	-	-	23,201,839	282,049,271	-

9. Non Current Investments

	As of March 31, 2016
Investment in equity shares	
HealthPlan Holdings, Inc	30,369,659,160
1000 share aof USD 0.01 each	
	30,369,659,160

10.Cash and bank balances

	As of March 31, 2016
Cash and cash equivalents	
Balances with banks	
In current accounts	3,875,327
	3,875,327

11. Short term loans and advances (Unsecured, considered good unless otherwise stated)

	As of March 31, 2016
Loan to subsidiaries [Refer note 25]	258,345,750
	258,345,750

12. Other Current Assets

	As of March 31, 2016
Interest Accrued on loan to Subsidiaries	573,155
	573,155

13. Other income

	As of March 31, 2016
Interest on debt instruments and others	565,447
	565,447

14. Finance costs

	As of March 31, 2016
Interest Cost	20,051,589
	20,051,589

15. Other expenses

	As of March 31, 2016
Legal and professional charges	2,590,407
Miscellaneous expenses	36,840,189
	39,430,596

16. Related Party Transactions

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

Name	Relation	Country of Incorporation
Wipro Limited	Ultimate Holding Company	India
Wipro LLC	Holding Company	USA
HPH Holdings Corp	Subsidiary	USA
HealthPlan Holdings, Inc *	Subsidiary	USA
HealthPlan Services Insurance Agency, Inc. *	Subsidiary	USA
HealthPlan Services, Inc. *	Subsidiary	USA
Harrington Health Services Inc. *	Subsidiary	USA

* HealthPlan Holdings, Inc; HealthPlan Services Insurance Agency, Inc HealthPlan Services, Inc.; HealthPlan Services, Inc. & Harrington Health Services Inc., are direct subsidiaries of HPH Holdings Corp

The Company had the following transactions with related parties during the

	Year ended Mrach 31, 2016
Corporate Guarantee Commission	
Wipro Limited	22,943,363
Loan Given	
HealthPlan Services, Inc.	258,918,905

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

	Year ended Mrach 31, 2016
Payable to :	
Wipro Corporate	22,853,663
Loans to subsidiaries	
HealthPlan Services, Inc.	258,918,905

17. Earnings per Share (EPS)

Particulars	Year ended March 31, 2016
Profit / (Loss) for the year as per statement of profit and loss	(61,216,606)
Weighted average number of equity shares used for computing basic and diluted EPS	83
Profit per share basic and diluted (Par value: USD 0. 1)	(734,599)

18. 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.

19. Micro, Small and Medium Enterprises, Development Act,

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.

20. Contingent Liabilities

Contigent Liability not provided for Rs. Nil

21 Capital Commitment

Estimated amount of capital commitments remaining to be executed and not provided for(net of advance) is Rs. Nil

22 This is the first year of operations so comparative financials are not available.

As per our report attached
for D.Prasanna & Co.
Chartered Accountants
Firm Registration number : 009619S

-Sd-

D.Prasanna Kumar
Proprietor
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