

SBA Stone Forest CPA Co Ltd

上海中新石林会计师事务所有限公司

WIPRO (DALIAN) LIMITED

AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
31 DECEMBER 2016

[English Translation for Reference Only]

WIPRO (DALIAN) LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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SBA Stone Forest CPA Co Ltd

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AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF WIPRO (DALIAN) LIMITED

We have audited the accompanying financial statements of Wipro (Dalian) Limited ("the Company"), comprising the balance sheet as at 31 December 2016, income statement, cash flow statement, statement of changes in owner's equity for the period from 25 December 2015 (date of incorporation) to 31 December 2016 and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements. This responsibility includes (1) preparing the financial statements and giving a true and fair view in accordance with the Accounting Standards and the Accounting System for Business Enterprises; (2) designing, implementing and maintaining internal controls sufficient to provide reasonable assurance that the financial statements that are free from material misstatement due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for China Certified Public Accountants. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

SBA Stone Forest CPA Co Ltd

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Opinion

In our opinion, the Company's financial statements are properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and the operations performance and cash flows of the Company for the period from 25 December 2015 (date of incorporation) to 31 December 2016 in accordance with the Accounting Standards and the Accounting System for Business Enterprises.



SBA Stone Forest CPA Co Ltd
Shanghai, China
27 February 2017

WIPRO (CHENGDU) LIMITED

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT

For the Year Ended 31 December 2016

(English translation for reference only)

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Reconciliation of Taxable Income

1

RECONCILIATION OF TAXABLE INCOME

For the Year Ended 31 December 2016

Monetary Unit: RMB

	Amounts
Net loss for the year	(2,547,831.15)
Add:	
Commercial insurance disallowed	304,885.73
Balance of accrued expenses as at 31 December 2016	1,991,700.05
Disposal of fixed assets	283,587.29
Excess depreciation	335,561.25
Provision for bad debts	84,823.00
Excess entertainment expenses	1,354.88
Sub-total additions of taxable income	3,001,912.20
Current year taxable income	454,081.05

Note1:	Accounting treatment	Tax allowance	Increase (Decrease) taxable income
Entertainments expenses	3,387.20	2,032.32	1,354.88
(The revenue earned by the Company from the year 2016 is RMB50,909,722.75)			

Note2: The Company is in the process to solve the difference between previous year's reconciliation taxable income and annual tax filing for the year 2015. Upon approval, current year taxable income will be decreased in amount of RMB2,593,872.69 accordingly. This adjustment as well as current year taxable income disclosed above is subject to confirmation by tax authority.

BALANCE SHEET

31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	<u>Note</u>	<u>2016.12.31</u>
<u>ASSETS</u>		<u>RMB</u>
Current assets		
Cash at bank and in hand	4	21,649,248.66
Account receivable	5	11,072,311.72
Other receivables	6	950,550.68
Advances to suppliers	7	328,123.63
Total current assets		34,000,234.69
Fixed assets		
Fixed assets - Costs	8	21,926,529.91
Less: Accumulated depreciation	8	(4,781,651.91)
Total fixed assets		17,144,878.00
TOTAL ASSETS		51,145,112.69

The accompanying notes form an integral part of these financial statements.

WIPRO (DALIAN) LIMITED

BALANCE SHEET (continued)

31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	<u>Note</u>	<u>2016.12.31</u>
		<u>RMB</u>
<u>LIABILITIES AND OWNER'S EQUITY</u>		
Current liabilities		
Accounts payable		4,793,194.08
Taxes payable	9	(3,781,002.05)
Other creditors		24,325,773.42
Accrued expenses		1,993,859.72
Total current liabilities		27,331,825.17
Owner's equity		
Paid-in capital	10	26,403,750.00
Accumulated loss		(2,590,462.48)
Total owner's equity		23,813,287.52
TOTAL LIABILITIES AND OWNER'S EQUITY		51,145,112.69

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company

SDI-

Manoj Kumar Nagpaul

27 February 2017



Person in charge of accounting department

SDI-

Venkatesh Bhat



INCOME STATEMENT

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	<u>Note</u>	<u>For the period from 25 December 2015 to 31 December 2016</u>
		<u>RMB</u>
Revenue from main operations	11	29,014,379.87
Less: Cost of main operations		(22,834,519.43)
Profit from main operations		6,179,860.44
Less: Administrative expenses		(9,690,183.68)
Financial expenses	12	1,002,981.02
Operating loss		(2,507,342.22)
Add: Non-operating income		(83,120.26)
Total loss		(2,590,462.48)
Less: Income tax		-
Net loss		(2,590,462.48)

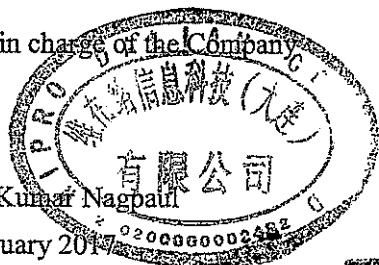
The accompanying notes form an integral part of these financial statements.

Person in charge of the Company

SDI-

Manoj Kumar Nagpaul

27 February 2017



Person in charge of accounting department

SDI-

Venkatesh Bhat

WIPRO (DALIAN) LIMITED

CASH FLOW STATEMENT

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

	For the period from 25 December 2015 to 31 December 2016 RMB
Cash flow from operating activities	
Cash received from sales of goods and rendering of services	18,137,968.77
Cash received from other operating activities	23,391,483.30
Sub-total of cash inflows	41,529,452.07
Cash paid for goods and services	(22,346,351.65)
Cash paid to and on behalf of employees	(1,604,679.07)
Cash paid relating to other operating activities	(1,395,699.79)
Sub-total of cash outflows	(25,346,730.51)
Net cash flows from operating activities	16,182,721.56
Cash flows from investing activities	
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(21,926,529.91)
Sub-total of cash inflows	(21,926,529.91)
Net cash flows from investing activities	(21,926,529.91)
Cash flows from financing activities	
Cash received from capital contribution	26,403,750.00
Net cash flows from financing activities	26,403,750.00
Effect of foreign exchange rate changes on cash & cash equivalents	989,307.01
Net increase in cash and cash equivalents	21,649,248.66

The accompanying notes form an integral part of these financial statements.

WIPRO (DALIAN) LIMITED

CASH FLOW STATEMENT (continued)

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

(All amounts in Rmb Yuan unless otherwise stated)

**For the period from
25 December 2015
to 31 December 2016
RMB**

Reconciliation of net loss to cash flows from operating activities:

Net loss	(2,590,462.48)
Add: Depreciation of fixed assets	4,781,651.91
Increase/(decrease) in accrued expenses	1,993,859.72
Financial expenses	(989,307.01)
(Increase)/decrease in operating receivables	(12,350,986.03)
Increase/(decrease) in operating payables	25,337,965.45
Net cash flows from operating activities	16,182,721.56
Net increase/(decrease) in cash and cash equivalents	
Cash at the end of the period	21,649,248.66
Less: Cash at the beginning of the period	-
Net increase/(decrease) in cash and cash equivalents	21,649,248.66

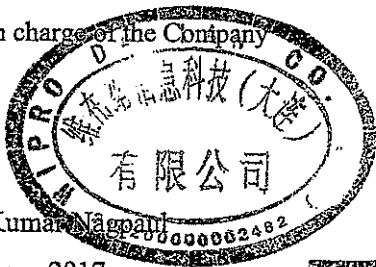
The accompanying notes form an integral part of these financial statements.

Person in charge of the Company

SD/-

Manoj Kumar Nagpal

27 February 2017



Person in charge of accounting department

SD/-

Venkatesh Bhat

WIPRO (DALIAN) LIMITED

STATEMENT OF CHANGES IN OWNER'S EQUITY

For the period from 25 December 2015 (date of incorporation) to 31 December 2016


(All amounts in Rmb Yuan unless otherwise stated)

	Paid-in capital RMB	Accumulated losses RMB	Total owner's equity RMB
Balance at 25 December 2015	-	-	-
Movements during the period			
Capital contribution	26,403,750.00	-	26,403,750.00
Net loss for the period	-	(2,590,462.48)	(2,590,462.48)
Balance at 31 December 2016	26,403,750.00	(2,590,462.48)	23,813,287.52

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company

Person in charge of accounting department

SDI- 
Manoj Kumar Nagpal
27 February 2017

SD/-

Venkatesh Bnat



NOTES TO THE FINANCIAL STATEMENTS

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

(All amounts in RMB)

1 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Wipro (Dalian) Limited (“the Company”) is a wholly foreign owned limited liability company incorporated at Dalian City of the People’s Republic of China on 25 December 2015, invested by Wipro Networks Pte. Limited, a limited liability company incorporated in Singapore. The registered capital of the Company is USD1,500,000.00. The approved operating period of the Company is forty years.

The Company’s principal activities include sales, research, development, consultation and service of computer software; design, testing and maintenance of system integration; installation, maintenance and sales of computer hardware and related equipment; data processing of air tickets booking and cancellation service; customers communication and customers information input and processing through audio media and internet and the relevant customer consultation and supporting service; offshore call center business in Dalian in the form of outsourcing; consultation on technology information, business management, logistic management and financial management and outsourcing service; import and export, (exclude distribution)

Approved by the Board of Directors of the Company, the registered capital was increased amounting to USD2,500,000.00. The registered capital of the Company is USD4,000,000.00 upon this increasing.

2 PRINCIPAL ACCOUNTING POLICIES

(1) The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises and the relevant regulations as promulgated by the Ministry of Finance of the People’s Republic of China.

(2) Accounting period

The Company’s accounting year starts on 1 January and ends on 31 December.

(3) Functional currency

The Company’s functional currency is Renminbi.

(4) Basis of accounting and measurement bases

The Company uses the accrual method as its basis of accounting. Assets are initially recorded at their acquired costs and subsequently adjusted for impairment, if any.

(5) Foreign currencies

Transactions arising in foreign currencies are translated into RMB at MECKLAI exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary assets and liabilities are translated into RMB at MECKLAI at that date. Exchange differences arising from these translations are expensed.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated MECKLAI exchange rates at the date of contribution.

(6) Cash and cash equivalents

Cash refers to all cash on hand and cash deposits. Cash equivalents refer to short-term and highly-liquid investments that readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Receivables and provisions for bad debts

Receivables comprise accounts receivable and other receivables which are presented at actual amounts net of provision for bad debts.

Provision for bad debts is made based on an assessment of the recoverability of receivables. Specific provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible:

Aging of receivables	Percentage for bad debts provision
Due between 1 to 180 days	0%
Due between 181 to 360 days	35%
Due over 361 days	100%

Bad debts are written off when there is objective evidence that the Company will not be able to collect all amounts due.

(8) Fixed assets and depreciation

Fixed assets are assets with a useful life over one year, such as computer, office equipment and decoration. Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets purchased by the Company are recorded at cost.

Fixed assets should be examined item by item at the balance sheet date. If the book value of those assets are lower than their recoverable amounts as a result of continuous decline in market value or technological obsolescence, spoilage and idleness over a long time, a provision for impairment of fixed assets should be accounted for in the current profit and loss accounts according to the difference between the recoverable amounts and book value of those fixed assets. Provision for impairment of fixed assets is made on a single item basis.

Fixed assets are depreciated using the straight-line method to write off the cost of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives, annual depreciation rate and estimated residual values are as follows:

Type	Estimated useful lives	Annual depreciation rate	Residual value
Computer	2-4 years	24.75%-49.50%	1RMB
Office equipment	5-21 years	4.71%-19.80%	1RMB
Decoration	5years	19.80%	1RMB

(9) Revenue recognition

Service revenue

When the total amount of revenue and costs arising from provision of services can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow in and the stage of completion of the services provided can be measured reliably, service revenue is recognized in accordance to the contractual terms.

(10) Employee social security and benefits

The Chinese employee of the Company participate in employee social security plans, including pension, medical, housing and other welfare benefits, organized and administered by the governmental authorities. The Company has no other substantial commitments to employees.

According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. Contributions to the plans are expensed as incurred. The applicable percentages used to provide for insurance premium and welfare benefit funds are listed below:

	Percentage
Pension insurance	18%
Medical insurance	8%
Unemployment insurance	0.5%
Maternity insurance	1.2%
Injury insurance	0.6%
Housing fund	10%

(11) Accounting for income tax

The Company accounts for enterprise income tax using the tax payable method. Under this method, income tax expenses are actually income tax payable for the year.

3 TAXATION

(1) Enterprise income tax

The currently applicable enterprise income tax rate is 25%.

(2) Value added tax ("VAT")

The Company's revenue is subject to VAT. VAT payable is the net difference between output VAT and deductible input VAT. The applicable tax rate for service revenue is 6%.

4 CASH AT BANK AND IN HAND

	2016.12.31
Cash at bank and in hand	21,649,248.66

5 ACCOUNT RECEIVABLE

	2016.12.31	
Aging	Amounts	Provision for bad debts
Within 1 year	11,072,311.72	100% -

6 OTHER RECEIVABLES

	2016.12.31	
Aging	Amounts	Provision for bad debts
Within 1 year	950,550.68	100% -

7 ADVANCES SUPPLIERS

	2016.12.31
Within 1 year	328,123.63

8 FIXED ASSETS AND ACCUMULATED DEPRECIATION

	Office equipment	Computer	Decoration	Total
Cost				
2015.12.25	-	-	-	-
Additions	5,816,821.10	9,228,869.81	6,880,839.00	21,926,529.91
2016.12.31	5,816,821.10	9,228,869.81	6,880,839.00	21,926,529.91
Accumulated depreciation				
2015.12.25	-	-	-	-
Additions	524,404.10	3,098,404.81	1,158,843.00	4,781,651.91
2016.12.31	524,404.10	3,098,404.81	1,158,843.00	4,781,651.91
Net book value				
2016.12.31	5,292,417.00	6,130,465.00	5,721,996.00	17,144,878.00
2015.12.25	-	-	-	-

9 TAXES PAYABLE

	2016.12.31
Value added tax	(3,781,002.05)

10 PAID-IN CAPITAL

	2015.12.25	Increase	2016.12.31
Wipro Networks Pte. In RMB Limited	-	26,403,750.00	26,403,750.00
In USD	-	4,000,000.00	4,000,000.00

11 REVENUE

	For the period from 25 December 2015 to 31 December 2016
Income rendering from services	29,014,379.87

12 FINANCIAL EXPENSES

	For the period from 25 December 2015 to 31 December 2016
Interest income	(16,260.56)
Exchange loss/(gain)	(989,307.01)
Bank charges	2,586.55
	(1,002,981.02)

13 SIGNIFICANT RELATED PARTIES AND TRANSACTIONS

(1) Related party with controlling relationships

Name of related party	Registered address	Relationships	Nature or type of business
Wipro Networks Pte. Limited	Singapore	Parent company	Overseas company

(2) Related party without non-controlling relationships

Name of related party	Relationships
Wipro Limited	Ultimate holding company
Wipro (Shanghai) Limited	Same group company
Wipro Travel Services Ltd	Same group company
Wipro LLC	Same group company

(2) Related party transactions

i. Sales

<u>Name of related party</u>	<u>Nature of transaction</u>	For the period from 25 December 2015 to 31 December 2016
Wipro Limited	Income of technical services	10,768,107.79
		10,768,107.79

ii. Receivables

<u>Account</u>	<u>Name of related party</u>	2016.12.31
Accounts receivable	Wipro Limited	4,832,673.94

iii. Payables

<u>Account</u>	<u>Name of related party</u>	2016.12.31
Other payables	Wipro (Shanghai) Limited	24,068,044.53
Other payables	Wipro Limited	12,563.29
		24,080,607.82

14 CONTINGENCIES

As at 31 December 2016, there are no material contingent liabilities which need disclosure.

15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As at the approval date of the financial statements, there are no post balance sheet events incurred which need disclosure.

16 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by Manoj Kumar Nagpaul of the Company on 27 February 2017.

WIPRO (DALIAN) LIMITED

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

(English translation for reference only)

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Reconciliation of Taxable Income

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RECONCILIATION OF TAXABLE INCOME

For the period from 25 December 2015 (date of incorporation) to 31 December 2016

	RMB
Loss for the period	(2,590,462.48)
Add: Excess entertainment expenses	5,485.08
Insurance disallowed	259,758.47
Disposal of fixed assets	83,120.26
Excess depreciation	968,208.91
Balance of accrued expenses, not paid upto date of audit reporting	434,585.99
Sub-total additions of taxable income	1,751,158.71
Sub-total deductions of taxable income	-
Tax loss for the period	(839,303.77)

	Accounting	Tax	Increase (Decrease)
Note1:	treatment	allowance	taxable income
Entertainments expenses	13,712.70	8,227.62	5,485.08
(The revenue earned by the Company from the period is RMB29,014,379.87)			

Note2: Current year taxable income is subject to confirmation by tax authority.