

### INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of **Wipro Enterprises Participacoes Ltda.**

#### *Report on the Financial Statements*

1. We have audited the accompanying financial statements of **Wipro Enterprises Participacoes Ltda.** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), for the year then ended, and a summary of the significant accounting policies and other explanatory information.

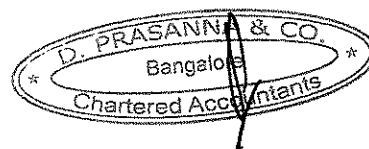
#### *Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Indian Accounting Standards (Ind AS) issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

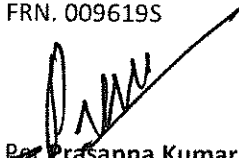


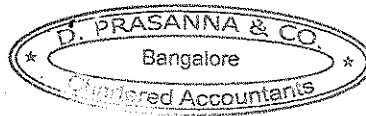
7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2017, and its Loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other matter**

8. The comparative financial information for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 prepared in accordance with Ind As included in these financial statements, are based on the previously issued financial statement for the year ended **31 March 2016** and **31 March 2015** respectively prepared in accordance with Accounting Standards issued by the ICAI which were audited by the predecessor auditor whose reports dated **05 May 2016**, and **08 May 2015** respectively expressed unmodified opinion on those financial statements, and have been adjusted for the difference in the accounting principles adopted by the company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.
9. This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and member as a body and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than company, the company's and ultimate holding company's board of directors and member as a body, for our audit work, for this report, or for the opinions we have formed.

For M/s. D.Prasanna & Co.,  
Chartered Accountants  
FRN. 009619S

  
Prasanna Kumar D.  
Proprietor  
Membership No. 211367



Place: Bengaluru

Date:

Wipro Enterprises Participacoes Ltda.

BALANCE SHEET

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

	Notes	(Amt In INR)	
		As on March 31,	
		2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	9		
(b) Capital-work-in-Progress			
(c) Other-Non-current asset	11	1,006,930,359	877,192,856
<b>Total Non-Current Assets</b>		<b>1,006,930,359</b>	<b>877,192,856</b>
<b>Current assets</b>			
(a) Inventories	12		
(a) Financial Assets			
(i) Trade receivables	13		
(ii) Cash and cash equivalents	14	2,430,748	1,573,168
(iii) Short-term loans and advances	15		
(iv) Other current assets	16	16,184,460	38,830,504
<b>Total Current Assets</b>		<b>18,615,209</b>	<b>40,403,672</b>
<b>TOTAL ASSETS</b>		<b>1,025,545,567</b>	<b>917,596,528</b>
<b>EQUITY AND LIABILITIES</b>			
(a) Equity Share capital	3	872,303,710	740,982,311
(b) Other Equity	4	28,296,294	40,667,745
		900,600,003	781,650,056
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Other Non-Current Liabilities	5	-	-
<b>Current liabilities</b>			
Short-term borrowings	6	124,739,733	135,762,679
Trade payables	7		
Other current liabilities	8	205,831	183,793
		124,945,564	135,946,471
<b>Total Current Liabilities</b>		<b>124,945,564</b>	<b>135,946,471</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,025,545,567</b>	<b>917,596,528</b>
<b>Significant accounting policies</b>	2	0	(0)

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached

for D. Prasanna & Co

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration number : 009619S

D. Prasanna Kumar

Proprietor

Membership No. 211367

Bangalore

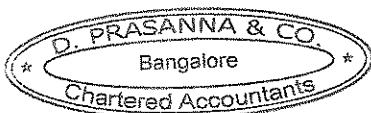
Date : \_\_\_\_\_

SD/-  
Director

SD/-  
Director

Bangalore

Date : \_\_\_\_\_



**Wipro Enterprises Participacoes Ltda.**  
**STATEMENT OF PROFIT AND LOSS**

	Notes	(Amt In INR)	
		For the year ended March 31,	
		2017	2016
<b>REVENUE</b>			
Revenue from operations	17		
Other income	18	200,637	-
<b>Total Income</b>		<b>200,637</b>	<b>-</b>
<b>EXPENSES</b>			
Employee benefits expense	19		
Finance costs	20	-	17,357
Depreciation and amortization expense	9 & 10	-	-
Other expense	21	509,668	1,580,700
<b>Total expense</b>		<b>509,668</b>	<b>1,598,057</b>
<b>Tax expenses</b>			
- current tax			
-deffered tax			
<b>Net loss</b>		<b>309,032</b>	<b>1,598,057</b>

Significant accounting policies

2

The Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date attached

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

D.Prasanna Kumar  
Proprietor  
Membership No. 211367

Bangalore

Date : \_\_\_\_\_

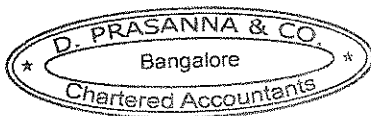
For and on behalf of the Board of Directors

sd/-  
Director

sd/-  
Director

Bangalore

Date : \_\_\_\_\_



### 3. Share Capital

(i) The details of share capital are given below

(Amount In INR)

Particulars	As of March 31,	
	2017	2016
<b>Authorised capital</b>		
	872,303,710	740,982,311
	872,303,710	740,982,311
<b>Issued, subscribed and paid-up capital</b>		
Equity Contribution	872,303,710	740,982,311
	872,303,710	740,982,311

### 4. Reserves and surplus

Particulars	As of March 31,	
	2017	2016
<b>Translation reserve</b>		
Balance brought forward from previous year	43,018,791	40,110,960
Movement during the year	(12,062,420)	2,907,831
	30,956,371	43,018,791
<b>Profit and Loss Account - Debit Balance</b>		
Balance brought forward from previous year	(2,351,046)	(752,989)
Add: Transfer from 4(a)	(309,032)	(1,598,057)
Less: Appropriations		
Revaluation Reserve		-
Closing balance	(2,660,077)	(2,351,046)
<b>Net Reserve &amp; Surplus</b>	28,296,294	40,667,745

### 5. Secured Loans\*

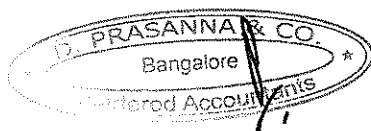
Particulars	As of March 31,	
	2017	2016
Term Loan		
Working Capital Loan		
	-	-
Loans are secured by Corporate Guarantee		

### 6. Short term borrowings

Particulars	As of March 31,	
	2017	2016
Working Capital Loan HSBC (secured by Corporate Guarantee)		
Loan from fellow subsidiary	124,739,733	135,762,679
	124,739,733	135,762,679

### 7. Trade payables

Particulars	As of March 31,	
	2017	2016
Sundry creditors – (refer note. IX of 2 - Significant Accounting Policies)	-	-
	-	-



## 8. Other current liabilities

(Amount In INR)

Particulars	As of March 31,	
	2017	2016
Employee related Dues		
Other liabilities	205,831.01	183,793
Advances from customers		
Interest due but not paid		
	<b>205,831</b>	<b>183,793</b>

## 11. Non-current investments

Particulars	As of March 31,	
	2017	2016
Trade – Unquoted		
Investments in Subsidiary companies	1,006,930,359	877,192,856
Less: Provision for diminution in value of long-term investments		
	<b>1,006,930,359</b>	<b>877,192,856</b>

## 12. Inventories

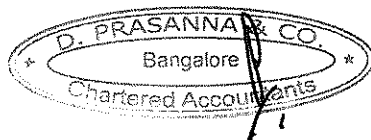
Particulars	As of March 31,	
	2017	2016
Raw Material		
Work In Progress		
Finished Goods		

## 13. Trade receivables (unsecured)

Particulars	As of March 31,	
	2017	2016
Trade receivable consists of:		
Over six months from the date they were due for payment		
Considered good		
Considered doubtful		
Other receivables		
Considered good		
Less: Provision for doubtful debts		

## 14. Cash and cash equivalents

Particulars	As of March 31,	
	2017	2016
Balances with banks		
- In Current Account	2,430,748	1,573,168
Cash in hand		
	<b>2,430,748</b>	<b>1,573,168</b>



**15. Short term loans and advances**

(Unsecured, considered good unless otherwise stated)

(Amount in INR)

Particulars	As of March 31,	
	2017	2016
Employee travel and other advances		
Advance to suppliers		
Prepaid expenses		
Other deposits		
VAT Recoverable		
Advance income tax less provision for tax		

**16. Other current assets**

Particulars	As of March 31,	
	2017	2016
Unsecured, considered good:		
	16,184,460	38,830,503.97
	<b>16,184,460</b>	<b>38,830,504</b>

**17. Revenue from operations (gross)**

Particulars	As of March 31,	
	2017	2016
Sale		

**18. Other income**

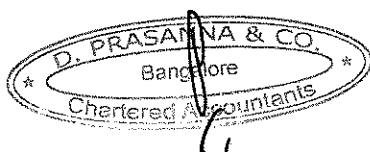
Particulars	As of March 31,	
	2017	2016
Interest on debt instruments and others		
Interest on loan to subsidiaries		
Exchange differences, net		
Government grant		
Balance no longer required written back		
Miscellaneous income	200,637	-
	<b>200,637</b>	<b>-</b>

**19. Employee benefits expense**

Particulars	As of March 31,	
	2017	2016
Salaries and wages		
Expenses on employee stock option plans (RSU)		
Staff welfare expenses		

**20. Finance costs**

Particulars	As of March 31,	
	2017	2016
Interest on loan		17,357
		<b>17,357</b>



## 21. Other expenses

(Amount In INR)

Particulars	As of March 31,	
	2017	2016
Raw Material, Finished and Processed Goods consumed	-	-
Travel	-	-
Communication	-	-
Legal and professional charges	-	852,743
Other exchange difference (net)	-	-
Corporate gurantee commission	-	-
Rent	-	-
Advertisement & Sales Promotions	-	-
Auditors' remuneration	-	-
As auditor	-	-
Carriage & Freight	-	-
Conveyance	-	-
Power	-	-
Insurance	-	-
Rates & Taxes	495,529	698,161
Printing & Stationery	-	-
Repairs	-	-
Recruitment Expenses	-	-
Bank Charges	14,140	18,744
Miscellaneous expenses	-	11,051
	<b>509,668</b>	<b>1,580,700</b>





**Wipro Enterprises Participacoes Ltda.**  
**Notes to the Financial Statements**

**1. The Company Overview and Significant Accounting Policies**

Wipro Enterprises Participacoes Ltda. ("the Company") is a subsidiary of Wipro Enterprises Netherlands B.V ("the holding company"). The Company is incorporated in Brazil. These financial statements have been prepared to attach with the accounts of the holding company, to comply with the provisions of The Companies Act, 2013 in India.

**Basis of preparation**

**(i) Statement of compliance**

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The standalone financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

These standalone financial statements are the first financial statements of the company under Ind AS. The date of transition to Ind AS is April 01, 2016. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the company is provided in Note 2.

Accounting policies have been applied consistently to all periods presented in these standalone financial statements.

All amounts included in the standalone financial statements are reported in INR (Indian rupees), which is also the Company's functional currency, except share and per share data, unless otherwise stated.

**(ii) Basis of measurement**

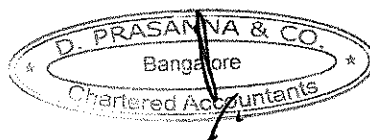
The standalone financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss;
- c) The defined benefit asset/ (liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.

**(iii) Use of estimates and judgment**

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are given below:

- a) **Goodwill:** Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- b) **Income taxes:** The major tax jurisdictions for the Company are India, Sweden, Finland, Israel, Malaysia, Vietnam and Indonesia. Significant judgments are involved in determining the provision for income taxes including



judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

- c) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- d) **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- e) **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- f) **Business combinations and intangible assets:** Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

#### Significant accounting policies

##### (i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). These standalone financial statements are presented in INR (Indian rupees), the national currency of India, which is the functional currency of the Parent Company.

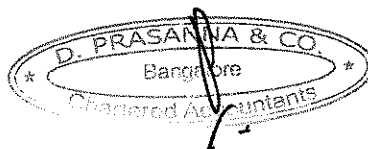
##### (ii) Foreign currency transactions and translation

###### a) Transactions and balances

Transactions in foreign currency are translated into the respective functional currencies of group companies using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the statement of profit and loss and resulting from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are carried in the Balance Sheet as Foreign Currency Translation Reserve and are reported within foreign exchange gains/ (losses), net within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. [Gains/ (losses) relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense]. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equity instrument measured at fair value through other comprehensive income are included in other comprehensive income, net of taxes.

###### b) Foreign operations

For the purpose of presenting standalone financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, if



the average rate approximates the actual rate at the date of the transaction. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off in its entirety or partially such that control/significant influence is lost, the relevant amount recognized in FCTR is transferred to the statement of profit and loss as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

**c) Hedges of net investment in foreign operations**

The Company has designated certain foreign currency denominated liability as a hedge of net investment in foreign operations. Gains/(losses) on translation or settlement of foreign currency denominated liability designated as a hedge of net investment in foreign operations are recognized in other comprehensive income and presented within equity in the FCTR to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses), net within results from operating activities. When the hedged net investment is disposed off, the relevant amount is transferred to profit or loss as part of gain or loss on disposal.

**(iii) Financial instruments - (Refer Note 2c)**

**a) Non-derivative financial instruments:**

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

**i. Recognition and initial measurement:**

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Non derivative financial instruments are recognized initially at fair value, plus for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Derecognition:**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

**iii. Offsetting:**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

**A. Cash and cash equivalents**

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the standalone balance sheet, bank overdrafts are presented under borrowings within current liabilities.



B. Investments

*Financial instruments measured at amortised cost:*

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows ; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. Interest income foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on de-recognition is also recognised in the statement of profit and loss.

*Financial instruments measured at fair value through other comprehensive income (FVTOCI):*

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial asset; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is reclassified to statement of profit and loss.

*Financial instruments measured at fair value through profit or loss (FVTPL):*

Instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The gain or loss on disposal is recognized in statement of profit and loss. Dividend on financial assets at FVTPL is recognized when the Group's right to receive dividend is established.

C. Other financial assets:

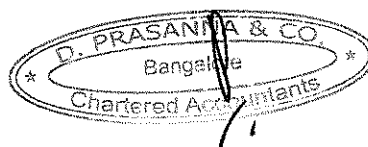
Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, cash and cash equivalents and other assets.

D. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

**b) Derivative financial instruments**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency. The Company limits the effect of foreign exchange rate fluctuations and interest rate exposures by the use of derivatives. The Company enters into derivative financial instruments where the counterparty is primarily a bank. Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss as cost.



The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non – derivatives financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Subsequent to initial recognition, derivative financial instruments are measured as described below:

#### Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses), net within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of profit and loss.

#### **(iv) Property, plant and equipment**

##### **1. Recognition and measurement:**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non – refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost. Cost of fixed assets not ready for use before the reporting date is disclosed as capital work-in-progress and is stated at cost. Advances paid towards the acquisition of fixed assets outstanding as of each reporting date is disclosed under other non-current assets.

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. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

##### **2. Depreciation**

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use as prescribed under part C of Schedule II of the Companies Act, 2013, except in case of the following assets, which are depreciated based on useful lives estimated by the management:

Building.....	20 - 61 years
Plant and machinery.....	2 - 21 years
Computer equipment.....	2 - 7 years
Furniture and fixtures.....	3 - 10 years
Vehicles.....	5 years



Based on internal technical assessment, 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 to the Companies Act, 2013.

Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually.

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.

Depreciation on additions (disposals) is provided on a pro – rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

**(v) Business combination, goodwill and intangible assets**

**a) Business combination**

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognized in the standalone statement of profit and loss.

**b) Goodwill**

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in equity as capital reserve. Such goodwill is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortized and is tested for impairment annually.

**c) Intangible assets**

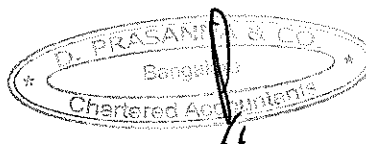
Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Subsequent expense is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expense is recognised in the statement of profit and loss. The useful lives of intangible assets are assessed as either finite or indefinite. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and is included in depreciation and amortization expense in the statement of profit and loss. The estimated useful life of amortizable intangibles are reviewed and where appropriate are adjusted, annually. For various intangibles acquired by the Company, estimated useful life has been determined as per below table unless these assets have been determined as assets with indefinite useful life. The estimated useful life has been determined based on number of factors including the competitive environment, market share, brand history, product life cycles, operating plan, no restriction on the titles and the macroeconomic environment of the countries in which the brands operate.

Brands.....	20 - 25 years
Customer/ distributor – related intangibles .....	7 - 20 years
Technical know-how .....	20 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level or at the group of cash-generating units level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

**(vi) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.



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. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. 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. Finance charges are recognized as finance costs in the statement of profit and loss.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term, unless such payments are structured to increase in line with the expected general inflation to compensate for the lessors expected inflationary cost increases.

#### **(vii) Inventories**

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost of raw materials and stores and spares is determined on a weighted average basis, and includes expense incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and appropriate share of manufacturing overheads. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value including necessary provision for obsolescence. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and NRV is made on an item by item basis.

#### **(viii) Revenue**

##### ***Sale of products***

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

##### ***Income from services***

The Company recognizes revenue when services have been delivered, significant terms of the arrangement are enforceable and the collectability is reasonably assured.

##### ***Maintenance contracts***

Revenue from maintenance contracts are recognized on a straight line basis over the period of the contract.

##### ***Dividend income***

Dividend income is recognised in the statement of profit and loss on the date on which the Group's right to receive payment is established.

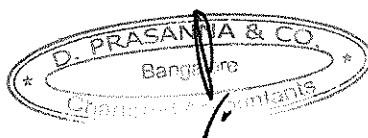
##### ***Interest income or expense***

Interest income or expense is recognised using the effective interest method.

#### **(ix) Impairment**

##### **a) Non-financial assets**

The Company assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or



group of assets. For impairment testing, assets that do not generate independent cash flows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell (FVLCTS) and its value-in-use (VIU). Value in use is based on the estimated future cash flows, discounted to their present value a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount, first from any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

Corporate assets do not generate independent cash flows. To determine the impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

#### **b) Financial assets**

The group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit and loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss is recognised in OCI.

#### **(x) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous





contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(xi) Employee benefits**

Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Retirement and employee benefits

Provident fund:

Employees receive benefits from a provident fund which is a defined contribution plan. The employee and employer each make monthly contributions to the plan. A portion of the contribution is made to the provident fund trust managed by Wipro Limited, while the remainder of the contribution is made to the Government's provident fund. The Company is generally liable for any shortfall in the fund assets based on the government specified minimum rate of return. Contribution to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss, in the periods during which the related services are rendered by the employee.

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods or receive cash compensation 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 absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes accumulated compensated absences based on actuarial valuation. 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.

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 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 in other comprehensive income. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

With respect to Provident fund and Gratuity funds, pursuant to the scheme of arrangement, the Company has initiated the process of creating a new trust and transferring the funds pertaining to the Company from provident fund and Gratuity trust of Wipro Limited.

**(xii) Finance expenses**

Finance expenses comprise interest cost on borrowings, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognized in the statement of profit and loss using the effective interest method.



### (xiii) Finance and other income

Finance and other income comprises interest income on deposits, dividend income and gains / (losses) on disposal of financial assets that are measured at FVTPL and debt instruments at FVTOCI and fair value gains on equity instruments. Interest income is recognized in the statement of profit and loss using the effective interest method. Dividend income is recognized in the statement of profit and loss when the right to receive payment is established.

### (xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

#### a) Current tax

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

#### b) Deferred tax

Deferred tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## 2. First time adoption of Ind AS

These standalone financial statements, for the year ended March 31, 2017, has been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Previous GAAP (i.e. Indian GAAP).

### Exemptions from retrospective application:

#### (a) Business Combinations

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. The group has applied the standard on business combinations for all acquisitions from the date of transition to Ind AS i.e. 1 April 2015.

#### (b) Deemed cost



Ind AS 101 permits, subject to certain conditions, a first time adopter to use carrying amounts of property, plant and equipment (PPE) as recognized in its previous GAAP (IGAAP) as deemed cost at the transition date. Accordingly, the Group has taken the IGAAP carrying value of property, plant and equipment (PPE) as at March 31, 2015 as the cost of property, plant and equipment (PPE) as at 1 April 2015 in this standalone financial statements.

Accordingly, the Company has prepared financial statements which comply with Ind AS for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016. In preparing these standalone financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS- Refer note 2a and 2b.

*for D.Prasanna & Co*

*Chartered Accountants*

Firm Registration number : 009619S

  
D.Prasanna Kumar

*Proprietor*

Membership No. 211367

Bangalore

Date : \_\_\_\_\_

For and on behalf of the Board of Directors

*Director*

*Director*

Bangalore

Date : \_\_\_\_\_

