

## **AUDITOR'S REPORT**

**To The Board of Directors of Appirio Ltd.**

### **Report on the Special Purpose Standalone Financial Statements**

We have audited the accompanying special purpose standalone financial statements of Appirio Ltd (the "Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity for the period November 23, 2016 to March 31 2017, and a summary of significant accounting policies and other explanatory information. The special purpose standalone financial statements have been prepared by the management in accordance with Note 2(i) on the basis of the preparation to the standalone financial statements.

#### **Management's Responsibility for the Special Purpose Standalone Financial Statements**

The Company's Board of Directors is responsible for the preparation of these special purpose standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with basis described in Note 2(i) of the special purpose standalone financial statements.

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 special purpose standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these special purpose standalone financial statements based on our audit.

We conducted our audit in accordance with Standards on Auditing (SA) issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose standalone 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 special purpose standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the special purpose standalone financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the special purpose standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose standalone financial statements give a true and fair view in conformity with the basis of presentation referred to in Note 2(i) to the special purpose standalone financial statements, of the state of affairs of the Company as at 31 March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the period November 23, 2016 to March 31 2017.

**Basis of Accounting**

We draw attention to Note 2(i) to the financial statements, which describes the basis of accounting. As a result, the special purpose standalone financial statements may not be suitable for another purpose.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No: 117366W/W-100018)

Sd/-  
**Vikas Bagaria**  
Partner  
(Membership No.: 60408)  
Bengaluru, June 23, 2017

# **APPIRIO LTD**

**STANDALONE FINANCIAL STATEMENT UNDER IND AS**

**AS AT AND FOR THE PERIOD FROM NOVEMBER 23, 2016 TILL MARCH 31, 2017**

**APPIRIO LTD**  
**BALANCE SHEET AS AT MARCH 31, 2017**  
**(Amount in INR)**

	Notes	As at March 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4	812,357
Financial assets		
Investments	5	1,810,365
Loans to subsidiaries		474,314,353
<b>Total non-current assets</b>		<b>476,937,075</b>
<b>Current assets</b>		
Financial assets		
Trade receivables	8	103,107,590
Cash and cash equivalents	9	7,960,572
Unbilled revenues		38,242
Other financial assets	10	762,298
Current tax assets		31,908
Other assets	11	3,901,244
<b>Total current assets</b>		<b>115,801,854</b>
<b>TOTAL ASSETS</b>		<b>592,738,929</b>
<b>EQUITY</b>		
Equity share capital	12	68,495,015
Other equity		(63,593,514)
<b>Total equity</b>		<b>4,901,501</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Provisions	15	545,431
<b>Total non-current liabilities</b>		<b>545,431</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	13	467,686,592
Trade payables		26,170,067
Other financial liabilities	14	4,088,679
Unearned revenues		77,498,619
Other current liabilities	16	4,240,994
Provisions	15	7,607,046
<b>Total current liabilities</b>		<b>587,291,997</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>592,738,929</b>

The accompanying notes form an integral part of this financial statement

In terms of our report attached  
for DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
Firm's Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

Vikas Bagaria  
Partner  
Membership No.: 60408

Cian Quilty  
Director

Place: Bengaluru  
Date: June 23, 2017

**APPIRIO LTD**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE**  
**PERIOD FROM NOVEMBER 23, 2016 TO MARCH 31, 2017**  
**(Amount in INR)**

	Notes	For the Period 23-Nov-16 to 31-Mar-17
<b>REVENUE</b>		
Revenue from rendering of services	17	158,776,326
Other income	18	(7,892,246)
<b>Total Revenue</b>		150,884,080
<b>EXPENSES</b>		
Employee benefits expense	19	34,930,182
Subcontracting & technical fees		118,252,124
Finance costs	20	8,603,992
Depreciation	4	341,315
Other expenses	21	9,528,512
<b>Total Expenses</b>		171,656,125
<b>Loss before tax</b>		(20,772,045)
<b>Tax expense</b>		
Reversal of deferred tax liability		(278,477)
<b>Total tax expense</b>		(278,477)
<b>Loss for the period</b>		(20,493,568)
<b>Other Comprehensive Income</b>		
<b>Items that will be reclassified to statement of profit or loss (Net of tax)</b>		
Foreign currency translation reserve		56,814,364
<b>Total Other Comprehensive Income for the period, net of tax</b>		56,814,364
<b>Total comprehensive income for the period</b>		36,320,796
<b>Earnings per equity share</b>	23	
Basic		(0.12)
Diluted		(0.12)
<b>No of shares</b>		
Basic		177,910,147
Diluted		177,910,147

The accompanying notes form an integral part of this financial statement

In terms of our report attached  
for **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

**Vikas Bagaria**  
Partner  
Membership No.: 60408

**Cian Quilty**  
Director

Place: Bengahuru  
Date: June 23, 2017

**APPIRIO LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
 (Amount in INR, unless otherwise stated)

**A. EQUITY SHARE CAPITAL**

Balance as of November 23, 2016	Changes during the period	Balance as of March 31, 2017
68,495,015	-	68,495,015

**B. OTHER EQUITY**

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Other Equity
Balance as at November 23, 2016	68,495,015	(99,914,311)	-	(99,914,311)
Loss for the period		(20,493,568)	-	(20,493,568)
Other comprehensive income	-	-	56,814,364	56,814,364
<b>Total comprehensive income for the period</b>	-	<b>(20,493,568)</b>	<b>56,814,364</b>	<b>36,320,796</b>
<b>Balance as at March 31, 2017</b>	<b>68,495,015</b>	<b>(120,407,878)</b>	<b>56,814,364</b>	<b>(63,593,514)</b>

The accompanying notes form an integral part of this financial statement

In terms of our report attached  
 for **DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants  
 Firm's Registration No.: 117366W/WV-100018

For and on behalf of the Board of Directors

**Vikas Bagaria**  
 Partner  
 Membership No.: 60408

**Cian Quilty**  
 Director

Place: Bengaluru  
 Date: June 23, 2017

**APPIRIO LTD**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD FROM NOVEMBER 23, 2016 TO**  
**MARCH 31, 2017**  
(Amount in INR, unless otherwise stated)

**For the Year ended**  
**March 31, 2017**

<b>Cash flows from operating activities:</b>	
(Loss) for the period.....	(20,493,568)
<b>Adjustments:</b>	
Depreciation and amortization.....	341,315
Exchange loss, net.....	16,590,651
Reversal of deferred tax liabilities.....	(278,477)
Interest (income)/expenses, net.....	(94,413)
Other non cash items.....	(152,741)
<b>Changes in operating assets and liabilities; net of effects from acquisitions:</b>	
Trade receivables.....	(221,204,885)
Unbilled revenue.....	(321,501)
Other assets.....	(3,751,813)
Trade payables.....	161,787,008
Accrued expenses, other liabilities and provisions.....	(8,547,786)
Unearned revenue.....	56,145,497
Cash used from operating activities before taxes.....	(19,980,713)
Income taxes paid, net.....	
Net cash generated from operating activities.....	<b>(19,980,713)</b>
<b>Cash flows from investing activities:</b>	
Purchase of property, plant and equipment.....	(96,796)
Net cash used in investing activities.....	<b>(96,796)</b>
<b>Cash flows from financing activities:</b>	
Net cash used in financing activities.....	-
Net (decrease) in cash and cash equivalents during the period.....	(20,077,509)
Effect of exchange rate changes on cash and cash equivalents.....	(7,976)
Cash and cash equivalents at the beginning of the period.....	28,046,057
Cash and cash equivalents at the end of the period (Note 9).....	<b>7,960,572</b>

The accompanying notes form an integral part of this financial statement

In terms of our report attached  
for **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No.: 117366W/W-100018

**For and on behalf of the Board of Directors**

**Vikas Bagaria**  
Partner  
Membership No.: 60408

**Cian Quilty**  
Director

Place: Bengahuru  
Date: June 23, 2017

**APPIRIO LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Amount in INR, unless otherwise stated)**

**1. The Company overview**

Appirio Ltd (the Company), incorporated in the state of Dublin, a 100% subsidiary of Appirio Inc., is a leading global consultancy and provider of cloud-based services to business enterprises' Information Technology (IT) cloud solutions. The Company offers professional services and subscription Software-as-a-Service (SaaS) products on a Platform-as-a-Service (PaaS) that help enterprises accelerate their adoption to cloud-based computing. The Company utilizes its knowledge and partnerships with leading SaaS-based providers, such as Salesforce.com, Workday, Google, and Cornerstone OnDemand, to provide unique solutions to its customers' IT needs. The Company derives the majority of its revenues in Ireland.

Appirio Inc. has been acquired by Wipro IT Services Inc. effective 23<sup>rd</sup> November, 2016 and the financial statement is prepared effective 23<sup>rd</sup> November, 2016 after which the entity is part of the Wipro Limited.

**2. Basis of preparation of financial statements**

**(i) Statement of compliance and basis of preparation**

This special purpose financial statement is prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013. Since, the Company was acquired on November 23, 2016, the financial information is provided only for the period November 23, 2016 to March 31, 2017 for which the Company was subsidiary of Wipro Limited. The comparative financial information have not been presented as the Company was not part of the Wipro Limited Group for the year ended March 31, 2016.

These are the Standalone financial statements of Appirio Ltd (Ireland). The Company has not prepared consolidated financial statements because it has availed the specific exemption from the preparation of consolidated financial statements, available under IndAS 110, "Consolidated Financial Statements". Accordingly, the investment in the subsidiaries are accounted for on a cost basis in these standalone financial statements.

The investment in subsidiaries is considered as a long term investment and carried at cost, less impairment, if any (refer note 5).

The financial performance and position of the Company and the subsidiaries are included in the consolidated financial statements of Wipro Limited, incorporated under the Companies Act, 2013, with effect from November 23, 2016 and having its registered office at Doddakanelli, Sarjapur Road, Bengaluru - 560035.

The financial statement is prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ("the Companies Act"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statement correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial statement". For clarity, various items are aggregated in the statement of profit & loss and other comprehensive income and balance sheet. These items are disaggregated separately in the notes to the financial statement, where applicable.

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The functional currency of the company is Euro (EUR) however the financial statement is presented in Indian rupees, the national currency of India. All amounts included in the financial statement is reported in Indian Rupees including share and per share data, unless otherwise stated.



## **(ii) Basis of measurement**

These financial statement has been prepared on a historical cost convention and on an accrual basis

## **(iii) Use of estimates and judgments**

The preparation of the financial statement 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 financial statement is included in the following notes:

**a) Revenue recognition:** The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

**b) 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.

**c) Expected credit losses on financial assets:** On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected 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.

**d) Useful lives of property, plant and equipment:** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

## **3. Significant accounting policies**

### **(i) Foreign currency transactions**

#### **a) Transactions and balances**

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results of operating activities except when deferred in statement of other comprehensive income as qualifying cash flow hedges. Gains/(losses) relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. 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 equities classified as FVTOCI are included in other comprehensive income, net of taxes. The company has investments in subsidiaries at places other than Ireland.

## (ii) Financial instruments

### a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, investments in equity and other eligible current and non-current assets;
- financial liabilities, which include trade payables and other eligible current and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

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 with banks in current account with banks, which can be withdrawn at any time, without prior notice or penalty.

For the purposes of the cash flow statement, cash and cash equivalents include cash with banks.

#### B. 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 and other current assets.

#### C. 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.

## (iii) Equity and share capital

### a) Equity share capital

The authorised share capital of the Company as of March 31, 2017 is EUR 2,808,000 divided as below:

	<u>As at</u> <u>March 31, 2017</u>
10,000,000,000 Ordinary shares of 0.00002 cent each	2,000
10,000,000,000 A Ordinary shares of 0.00002 cent each	2,000
10,000,000,000 B Ordinary shares of 0.00002 cent each	2,000
10,000,000,000 C Ordinary shares of 0.02 cent each	2,000,000
10,000,000,000 D Ordinary shares of 0.00002 cent each	2,000
5,405,930,000 Series A Preference shares of 0.01 cent each	540,593
2,594,070,000 Deferred shares of 0.01 cent each	259,407
	<u><u>2,808,000</u></u>

Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

b) Retained earnings

Retained earnings comprises the Company's undistributed earnings after taxes.

c) Foreign currency translation reserve

The exchange differences arising from the translation of financial statement of foreign operations with functional currency other than Indian rupees is presented within equity in the FCTR.

d) Other reserves

Changes in the fair value of financial assets measured at FVTOCI, other than impairment loss, is recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

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

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

b) 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. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Plant & equipment	2 to 10 years
Office equipment	5 years

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.

The cost of property, plant and equipment not available for use before each reporting date are disclosed under capital work- in-progress. Deposits & advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown as capital advances under the head of other non-current assets.

**(v) 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, fulfillment 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.

a) Arrangements where the Company is the lessee

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the 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. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

b) Arrangements where the Company is the lessor

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

**(vi) Impairment**

a) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) 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. 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). 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. 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.

**(vii) Employee benefits**

a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

### **(viii) 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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.

### **(ix) Revenue**

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

#### **a) Services**

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

##### **A. Time and materials contracts**

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

##### **B. Fixed-price contracts**

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period. 'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

##### **C. Maintenance contracts**

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved till date as a percentage of total

contractual output. Any residual service unutilized by the customer is recognized as revenue on completion of the term.

#### b) Products

Revenue from products are recognized when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### (x) Finance costs

Finance costs comprise interest cost on borrowings, impairment losses recognized on financial assets, 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.

#### (xi) Other income

Other income comprises interest income on loan given, gains/(losses) on disposal of financial assets that are measured at FVTPL, and debt instruments at FVTOCI. Interest income is recognized using the effective interest method.

#### (xii) Income tax

Income tax comprises deferred tax reversal.

##### a) Deferred income tax

Deferred income 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 statement.

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.

#### (xiii) Cash flow statement

Cash flows are reported using indirect method, whereby net profits after tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

4. Property, Plant and Equipment

	<u>Plant &amp; Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
<b>Gross Carrying Value:</b>			
As at November 23, 2016.....	868,909	219,903	1,088,812
Additions.....	91,073	-	91,073
Disposal/Adjustments.....	-	-	-
Translation Adjustment.....	(37,022)	(9,370)	(46,392)
As at March 31, 2017.....	<u>922,960</u>	<u>210,533</u>	<u>1,133,493</u>
<b>Accumulated Depreciation</b>			
As at November 23, 2016.....	-	-	-
Depreciation.....	(314,210)	(27,105)	(341,315)
Disposal/Adjustments.....	-	-	-
Translation Adjustment.....	18,576	1,603	20,179
As at March 31, 2017.....	<u>(295,634)</u>	<u>(25,502)</u>	<u>(321,136)</u>
<b>Net Carrying Value</b>			
As at November 23, 2016.....	868,909	219,903	1,088,812
As at March 31, 2017.....	627,326	185,031	812,357

5. Investments

Investments consist of the following:

	<b>As at</b>
	<b>March 31, 2017</b>
Investment in Subsidiaries – (at cost)	<u>1,810,365</u>
	<u><b>1,810,365</b></u>

6. Fair Value Hierarchy

Financial assets and liabilities include cash and cash equivalents, trade receivables, unbilled revenues, and other eligible current and non-current assets, long and short-term loans and borrowings, trade payable, eligible current liabilities and other non-current liabilities. The fair value of financial assets and liabilities approximate their carrying amount largely due to the short-term nature of such assets and liabilities.

There are no financial assets or financial liabilities measured on fair value basis as at March 31, 2017. Accordingly, no fair value hierarchy disclosure has been included.

## 7. Financial Instruments:

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2 and 3 to the financial statement.

### a. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

	(INR)	
	Fair value through profit & loss	Total carrying value
	Amortised Cost	
<b>Financial assets:</b>		
Loan to subsidiaries	474,314,353	474,314,353
Trade receivables	-	103,107,590
Cash and cash equivalents	-	7,960,572
Unbilled revenues	-	38,242
Other financial assets	-	762,298
<b>Total</b>	<b>-</b>	<b>586,183,055</b>
<b>Financial liabilities:</b>		
Borrowings	467,686,592	467,686,592
Trade payables	-	26,170,067
Other financial liabilities	-	4,088,679
<b>Total</b>	<b>-</b>	<b>497,945,338</b>

### b. Exposure to credit risk

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

### c. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Management monitors company's net liquidity position through rolling forecast on the basis of expected cash-flows.

### d. Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity. There is no significant foreign currency risk, that the Company is exposed to.

### e. Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company has inter-company payables and receivables, the interest of which is based on the movement in LIBOR. If interest rates were to increase by 100 bps from March 31, 2017, additional net annual interest income (net) on floating lending rate would approximately amount to INR 24,740.



## 8. Trade Receivables

	<u>As at March 31, 2017</u>
<b>Current</b>	
Secured, considered good	-
Unsecured, considered good	103,029,727
Considered Doubtful	119,789
	<u>103,149,516</u>
Less: Allowance for doubtful debts	(41,926)
	<u><u>103,107,590</u></u>

The activity in the allowance for doubtful debts is given below:

	<u>As at March 31, 2017</u>
<b>Balance as on the November 23, 2016</b>	194,667
<u>Less:</u> Write-back of excess provision	152,741
<b>Balance as on March 31, 2017</b>	<u><u>41,926</u></u>

## 9. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2017 consists of balances with banks.

	<u>As at March 31, 2017</u>
Balances with Banks	
- Current accounts	7,960,572
	<u>7,960,572</u>

## 10. Other Financial Assets

	<u>As at March 31, 2017</u>
<b>Current</b>	
Security deposits	762,298
	<u>762,298</u>

## 11. Other Assets

	<u>As at March 31, 2017</u>
<b>Current</b>	
Prepaid expenses	3,901,244
	<u>3,901,244</u>

## 12. Share Capital

### Issued, subscribed and fully paid-up capital (converted @67.13)

	<b>As at March 31, 2017</b>
50,000,000 Ordinary shares of 0.00002 cent each	67,310
8,795,334 B Ordinary shares of 0.00002 cent each	11,840
21,556,079 C Ordinary shares of 0.00002 cent each	29,018,724
39,105,916 D Ordinary shares of 0.02 cent each	52,644
32,512,099 Series A Preference shares of 0.01 cent each	21,883,841
25,940,719 Deferred shares of 0.01 cent each	17,460,656
	<b>68,495,015</b>

#### (i) Shares held by holding company (Appirio Inc., the holding company)

	<b>As at March 31, 2017</b>
50,000,000 Ordinary shares of 0.00002 cent each	67,310
8,795,334 B Ordinary shares of 0.00002 cent each	11,840
21,556,079 C Ordinary shares of 0.00002 cent each	29,018,724
39,105,916 D Ordinary shares of 0.02 cent each	52,644
32,512,099 Series A Preference shares of 0.01 cent each	21,883,841
25,940,719 Deferred shares of 0.01 cent each	17,460,656
	<b>68,495,015</b>

#### (ii) Reconciliation of number of shares

	As at March 31, 2017			Amount
	Opening no. of shares	Equity shares issued	Closing no. of shares	
Ordinary shares of 0.00002 cent each	50,000,000	-	50,000,000	67,310
B Ordinary shares of 0.00002 cent each	8,795,334	-	8,795,334	11,840
C Ordinary shares of 0.00002 cent each	21,556,079	-	21,556,079	29,018,724
D Ordinary shares of 0.02 cent each	39,105,916	-	39,105,916	52,644
Series A Preference shares of 0.01 cent each	32,512,099	-	32,512,099	21,883,841
Deferred shares of 0.01 cent each	25,940,719	-	25,940,719	17,460,656

#### (iii) Details of shareholders having more than 5% of the different classes of shares of the Company

Sl. No.	Name of the Shareholder	As at March 31, 2017	
		No. of shares	% held
1	Appirio, Inc.		
	- Ordinary shares of 0.00002 cent each	50,000,000	100
	- B Ordinary shares of 0.00002 cent each	8,795,334	100
	- C Ordinary shares of 0.00002 cent each	21,556,079	100
	- D Ordinary shares of 0.02 cent each	39,105,916	100
	- Series A Preference shares of 0.01 cent each	32,512,099	100
	- Deferred shares of 0.01 cent each	25,940,719	100

## Rights, preferences and contingencies attached to the equity shares

The company has different classes of shares as mentioned above. Each of the holders are entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets on the Company after distribution of all preferential amounts, in proportion of their shareholding.

### 13. Borrowings

A summary of loans and borrowings is as follows:

	<u>As at March 31, 2017</u>
<b>Current borrowings</b>	
Unsecured	
Loans from subsidiaries	467,686,592
	<u>467,686,592</u>

<sup>(1)</sup> The loan from subsidiaries is availed at a rate of LIBOR+2% which will be settled every quarter.

### 14. Other Financial Liabilities

	<u>As at March 31, 2017</u>
<b>Current</b>	
Salary payable	4,088,679
	<u>4,088,679</u>

### 15. Provisions

	<u>As at March 31, 2017</u>
<b>Non-Current</b>	
Employee benefit obligations	545,431
	<u>545,431</u>

	<u>As at March 31, 2017</u>
<b>Current</b>	
Employee benefit obligations	2,429,446
Accrued expenses	5,177,600
	<u>7,607,046</u>

### 16. Other Current Liabilities

	<u>As at March 31, 2017</u>
Social security fees	2,747,378
Statutory liabilities	1,493,616
	<u>4,240,994</u>

**17. Revenue**

	<b>For the period Nov 23, 2016 to March 31, 2017</b>
Rendering of services	158,776,326
	<u>158,776,326</u>

**18. Other Income**

	<b>For the period Nov 23, 2016 to March 31, 2017</b>
Interest income	8,698,405
Foreign exchange losses, net	(16,590,651)
	<u>(7,892,246)</u>

**19. Employee Benefits Expense**

	<b>For the period Nov 23, 2016 to March 31, 2017</b>
Salaries and wages	33,638,988
Employee pension	1,206,814
Staff welfare expenses	84,380
	<u>34,930,182</u>

**20. Finance Costs**

	<b>For the period Nov 23, 2016 to March 31, 2017</b>
Interest expense	8,603,992
	<u>8,603,992</u>

**21. Other Expenses**

	<b>For the period Nov 23, 2016 to March 31, 2017</b>
Rent	3,918,413
Travel	2,627,623
AMC for software	1,470,079
Legal and professional fees	983,579
Staff recruitment expenses	524,511
Write-back of excess provision (net)	(152,741)
Insurance	132,749
Miscellaneous	24,299
	<u>9,528,512</u>

## 22. Operating Leases

The Company leases office under cancelable and non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases is INR 4,030,662 during the period November 23, 2016 to March 31, 2017.

Details of contractual payments under non-cancelable leases are given below:

	<u>March 31, 2017</u>
Not later than one year	11,490,082
Later than one year and not later than five years	45,960,327
Later than five years	-
Total	<u>57,450,409</u>

## 23. Earnings per equity share

A reconciliation of profit for the period and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

**Basic:** Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period, excluding equity shares purchased by the Company.

	<u>As at</u> <u>March 31, 2017</u>
Profit for the period	(20,493,568)
Weighted average number of equity shares outstanding	177,910,147
Basic earnings per share	(0.12)

## 24. Related Party Relationships and Transactions

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

Name of the party	Relationship with the Company
Appirio, Inc.	Holding Company
Appirio GmbH	Subsidiary
Appirio Ltd (UK)	Subsidiary
Saaspoint, Inc.	Subsidiary

The Company had the following transactions with related parties during the period ended March 31, 2017.

Particulars	For the period Nov 23, 2016 to March 31, 2017
<i>Appirio, Inc.</i>	
Sales and Services	(8,575,505)
Subcontracting & Technical Fees	2,775,297
Interest Expense	8,550,610
Interest Income	(1,928,243)
<i>Appirio Ltd (UK)</i>	
Sales and Services	(33,857,662)

Subcontracting & Technical Fees	101,852,799
Interest Income	(6,770,162)
<i>Saaspoint, Inc.</i>	
Interest Expense	53,322

The following is the listing of receivables and payables to related parties as at March 31, 2017:

Name of the party	As at March 31, 2017
<i>Payables:</i>	
Appirio, Inc.	(25,047,176)
Saaspoint, Inc.	(50,197)
<i>Receivables:</i>	
Appirio GmbH	6,178
Appirio Ltd (UK)	26,290,252
<i>Loan to subsidiaries:</i>	
Appirio Ltd (UK)	474,314,353
<i>Borrowings:</i>	
Appirio, Inc.	(463,948,995)
Saaspoint, Inc.	(3,737,597)

## 25. Commitments and contingencies

*Capital commitments:* As at March 31, 2017, the company does not have material capital commitments.

*Contingencies:* As at March 31, 2017, the company does not have material contingencies.

## 26. Details of non-current investments

Particulars	As at March 31, 2017	As at March 31, 2017
	No. of Shares	Amount
Appirio Ltd (UK)	1	85
Appirio GmbH	25,000	1,809,700
Saaspoint, Inc.	1,000	580
<b>Total investments in equity instruments</b>		<b>1,810,365</b>
<b>Total non-current investment</b>		<b>1,810,365</b>