

INDEPENDENT AUDITOR'S REPORT

To The Members of Wipro Airport IT Services Limited Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Wipro Airport IT Services Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March, 2017 prepared in accordance with Ind AS, included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 26, 2017 expressed an unmodified opinion.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Bengaluru
Date: 3rd May 2018

Sd/-
Vikas Bagaria
Partner
(Membership No. 60408)

**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'
section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Wipro Airport IT Services Limited ('the Company') as of 31 March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of

the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us on, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Bengaluru
Date: 3rd May 2018

Sd/-
Vikas Bagaria
Partner
(Membership No. 60408)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits, hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities. (According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have any dues on account of Employees' State Insurance, Customs Duty and Excise Duty).
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax which have not been deposited as on 31 March 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Finance Act, 1944	Interest on availment of 100% CENVAT credit on capital goods in the first year of purchase	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	Financial years 2010-2011 and 2011-2012	6,676,638	6,676,638

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions, and government or has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration stipulated under the provisions of section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Bengaluru
Date: 3rd May 2018

Sd/-
Vikas Bagaria
Partner
(Membership No. 60408)

Wipro Airport IT Services Limited
Balance sheet as at 31 March 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note no.	As at	
		31 March 2018	31 March 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	38,804,625	54,951,435
(b) Financial asset			
(i) Unbilled revenue	5	49,887,089	47,595,197
(c) Deferred tax assets (net)	6	-	431,700,733
(d) Non-current tax assets	7	199,738,274	50,779,838
Total non-current assets		288,429,988	585,027,203
Current assets			
(a) Financial assets			
(i) Trade receivables	8	371,022,886	286,481,734
(ii) Cash and cash equivalents	9	79,478,627	62,592,693
(iii) Unbilled revenue	5	73,479,522	15,927,639
(b) Current tax assets	7	50,775,154	91,169,019
(c) Other current assets	10	863,848	52,729,772
Total current assets		575,620,037	508,900,857
Total assets		864,050,025	1,093,928,060
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	50,000,000	50,000,000
(b) Other equity	12	4,844,364	82,961,736
Total equity		54,844,364	132,961,736
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	-	2,118,223
(ii) Other financial liabilities	14	65,253,116	69,698,098
(b) Provisions	15	1,167,089	959,188
(c) Other non-current liabilities	16	1,481,358	2,589,457
Total non-current liabilities		67,901,563	75,364,966
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17	182,158,720	380,584,319
(ii) Other financial liabilities	14	513,386,151	150,420,310
(b) Other current liabilities	16	6,779,865	15,420,074
(c) Provisions	15	796,171	925,090
(d) Current tax liabilities (net)	18	38,183,191	338,251,565
Total current liabilities		741,304,098	885,601,358
Total equity and liabilities		864,050,025	1,093,928,060

See accompanying notes to the financial statements (1-37)

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vikas Bagaria
Partner

Sd/-
Indana Prabhakara Rao
Director
DIN : 03482239

Sd/-
Shantanu Rohatgi
Director
DIN : 07677592

Place : Bangalore
Date : 3rd May 2018

Place : New Delhi
Date : 3rd May 2018

Place : New Delhi
Date : 3rd May 2018

Sd/-
Vinit Kishore
Chief Financial Officer

Place : New Delhi
Date : 3rd May 2018

Wipro Airport IT Services Limited
Statement of profit and loss for the year ended 31 March 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	19	569,422,606	509,190,011
Other income	20	7,560,338	52,545,783
Total Income		576,982,944	561,735,794
Expenses			
(a) Cost of services received	21	524,888,522	465,881,938
(b) Employee benefits expense	22	10,347,627	10,185,609
(c) Finance costs	23	1,694,030	8,297,875
(d) Depreciation expense	4	17,045,374	8,664,498
(e) Other expenses	24	20,119,658	9,906,703
Total expenses		574,095,211	502,936,623
Profit before tax		2,887,733	58,799,171
Tax expense			
(a) Current tax		112,161,530	261,327,942
(b) Deferred tax credit		(32,742,095)	(240,920,855)
(c) Tax charge relating to prior years		1,567,428	-
Profit/(loss) after tax for the year		(78,099,130)	38,392,084
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plan		(27,939)	(91,073)
Income tax relating to above		9,697	39,054
Other comprehensive loss for the year		(18,242)	(52,019)
Total comprehensive income/(loss) for the year		(78,117,372)	38,340,065
Earnings per equity share (face value of Rs. 10/- each)			
Basic and diluted (In Rs.)		(15.62)	7.68

See accompanying notes to the financial statements (1-37)

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vikas Bagaria
Partner

Sd/-
Indana Prabhakara Rao
Director
DIN : 03482239

Sd/-
Shantanu Rohatgi
Director
DIN : 07677592

Place : Bangalore
Date : 3rd May 2018

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Sd/-
Vinit Kishore
Chief Financial Officer

Place : New Delhi
Date : 3rd May 2018

Wipro Airport IT Services Limited
Cash Flow Statement for the year ended 31 March 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities			
Profit for the year		(78,099,130)	38,392,084
Adjustments for:			
Depreciation expense	4	17,045,374	8,664,498
Finance cost	23	1,694,030	8,297,875
Interest income	20	(2,487,549)	(2,441,536)
Unwinding of accrued income	20	(1,951,494)	(6,152,440)
Impairment loss on trade receivables	24	2,409,336	2,254,120
Income tax expense		80,986,863	20,407,087
Gain on sale of fixed assets (net)	20	-	(22,479)
		<u>19,597,430</u>	<u>69,399,209</u>
Movements in working capital:			
Increase in trade receivables		(86,950,488)	(38,411,352)
Increase in other financial assets		(59,843,776)	(10,704,292)
(Increase)/decrease in other assets		51,865,924	(52,729,772)
Increase in financial liabilities		365,942,538	82,433,573
Decrease in other liabilities and provisions		(11,213,734)	(19,214,534)
(Increase)/Decrease in trade payables		(198,425,599)	2,742,640
Cash flows from operations		<u>80,972,295</u>	<u>33,517,472</u>
Income tax (paid)/refund		<u>(57,909,439)</u>	<u>50,233,762</u>
Net cash generated by operating activities (A)		<u>23,062,856</u>	<u>83,751,234</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(8,664,471)	(9,357,118)
Proceeds from sale of fixed assets		-	47,572
Interest received	20	2,487,549	2,441,536
Net cash used in investing activities (B)		<u>(6,176,922)</u>	<u>(6,868,010)</u>
Cash flows from financing activities			
Repayment of short-term borrowings		-	(40,000,000)
Finance cost paid		-	(2,000,000)
Net cash used in financing activities (C)		<u>-</u>	<u>(42,000,000)</u>
Net increase in cash and cash equivalents (A+B+C)		<u>16,885,934</u>	<u>34,883,224</u>
Cash and cash equivalents at the beginning of the year		<u>62,592,693</u>	<u>27,709,469</u>
Cash and cash equivalents at the end of the year		<u>79,478,627</u>	<u>62,592,693</u>

See accompanying notes to the financial statements (1-37)

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vikas Bagaria
Partner

Sd/-
Indana Prabhakara Rao
Director
DIN : 03482239

Sd/-
Shantanu Rohatgi
Director
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Place : Bangalore
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Sd/-
Vinit Kishore
Chief Financial Officer

Place : New Delhi
Date : 3rd May 2018

Wipro Airport IT Services Limited
Statement of changes in equity for the year ended 31 March 2018
(All amounts are in Indian Rupees, unless otherwise stated)

a. Equity share capital

Particulars	Amount
Balance as at 1 April 2016	50,000,000
Changes in equity share capital during the year (Refer note 11)	-
Balance as at 31 March 2017	50,000,000
Changes in equity share capital during the year (Refer note 11)	-
Balance as at 31 March 2018	50,000,000

b. Other equity

Particulars	Retained earnings	Items of other comprehensive income (loss)	Total
Balance as at 1 April 2016	44,436,833	184,838	44,621,671
Profit for the year	38,392,084	-	38,392,084
Other comprehensive loss, net of tax	-	(52,019)	(52,019)
Balance as at 31 March 2017	82,828,917	132,819	82,961,736
Loss for the year	(78,099,130)	-	(78,099,130)
Other comprehensive (loss), net of tax	-	(18,243)	(18,243)
Balance as at 31 March 2018	4,729,787	114,577	4,844,364

See accompanying notes to the financial statements (1-37)

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vikas Bagaria
Partner

Sd/-
Indana Prabhakara Rao
Director
DIN No.: 03482239

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Shantanu Rohatgi
Director
DIN No.: 07677592

Place : Bangalore
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Sd/-
Vinit Kishore
Chief Financial Officer

Place : New Delhi
Date : 3rd May 2018

Wipro Airport IT Services Limited
Notes to financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees, unless otherwise stated)

4. Property, Plant and Equipment

	Furniture and fixtures	Computers	Office Equipment	Vehicles	Total
Cost					
Balance as at 1 April 2016	56,076	210,561	6,092	-	272,729
Additions/ adjustments	2,465,841	60,989,168	-	-	63,455,009
Disposals	(25,740)	(66,739)	-	-	(92,479)
Balance as at 31 March 2017	2,496,177	61,132,990	6,092	-	63,635,259
Balance as at 1 April 2017	2,496,177	61,132,990	6,092	-	63,635,259
Additions	1,044	-	-	897,521	898,565
Disposals	-	(36,000)	-	-	(36,000)
Balance as at 31 March 2018	2,497,221	61,096,990	6,092	897,521	64,497,824
Accumulated depreciation					
Balance as at 1 April 2016	3,108	82,376	1,228	-	86,712
Depreciation for the year	348,013	8,315,257	1,228	-	8,664,498
Disposal	(8,444)	(58,942)	-	-	(67,386)
Balance as at 31 March 2017	342,677	8,338,691	2,456	-	8,683,824
Balance as at 1 April 2017	342,677	8,338,691	2,456	-	8,683,824
Depreciation for the year	643,552	15,993,756	1,228	406,838	17,045,374
Disposal	-	(35,999)	-	-	(35,999)
Balance as at 31 March 2018	986,229	24,296,448	3,684	406,838	25,693,199
Carrying amount					
As at 31 March 2017	2,153,500	52,794,299	3,636	-	54,951,435
As at 31 March 2018	1,510,992	36,800,542	2,408	490,683	38,804,625

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Wipro Airport IT Services Limited
Notes to financial statements for the year ended 31 March 2018.
(All amounts are in Indian Rupees, unless otherwise stated)

5. Unbilled Revenue

	As at 31 March 2018	As at 31 March 2017
Non-current		
Unbilled revenue	49,887,089	47,595,197
	<u>49,887,089</u>	<u>47,595,197</u>
Current		
Unbilled revenue	73,479,522	15,927,639
	<u>73,479,522</u>	<u>15,927,639</u>

6. Deferred tax assets (net)

The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets	-	436,923,752
Deferred tax liabilities	-	(5,223,019)
	<u>-</u>	<u>431,700,733</u>

2017-2018

	As at 31 March 2017	Recognized in profit or loss during 2017-18	Recognised in OCI during 2017-18	As at 31 March 2018
Deferred tax assets/(liabilities) in relation to				
Written down value of fixed assets (net of finance lease)	432,717,306	(432,717,306)	-	-
Provision for employee benefits	552,602	(562,299)	9,697	-
Provision for doubtful debts/advances	3,554,335	(3,554,335)	-	-
Interest on income tax refund chargeable to tax on receipt basis	(5,223,019)	5,223,019	-	-
Others	99,509	(99,509)	-	-
Deferred tax assets (net)	<u>431,700,733</u>	<u>(431,710,430)</u>	<u>9,697</u>	<u>-</u>

2016-2017

	As at 31 March 2016	Recognized in profit or loss during 2016-17	Recognised in OCI during 2016-17	As at 31 March 2017
Deferred tax assets/(liabilities) in relation to				
Written down value of fixed assets (net of finance lease)	187,296,544	245,420,762	-	432,717,306
Provision for employee benefits	570,542	(56,994)	39,054	552,602
Provision for doubtful debts/advances	2,774,229	780,106	-	3,554,335
Interest on income tax refund chargeable to tax on receipt basis	-	(5,223,019)	-	(5,223,019)
Others	99,509	-	-	99,509
Deferred tax assets (net)	<u>190,740,824</u>	<u>240,920,855</u>	<u>39,054</u>	<u>431,700,733</u>

6.1 Unrecognized deductible temporary differences

	As at 31 March 2018	As at 31 March 2017
Deductible temporary differences for which no deferred tax assets have been recognised are attributable to the following:		
Written down value of fixed assets (net of finance lease)	61,128,468	-
Provision for employee benefits	571,701	-
Provision for doubtful debts/advances	3,692,301	-
Interest on income tax refund chargeable to tax on receipt basis	-	-
Others	616,828	-
Deferred tax assets (net)	<u>66,009,298</u>	<u>-</u>

Note: Deferred tax assets as on 31 March 2018 have not been recorded in the financials due to lack of reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Tax Assets

	As at 31 March 2018	As at 31 March 2017
Non-current		
Advance income tax (net of provision for income tax Rs. 14,980,793 (31 March 2017: Rs. 9,162,408))	199,738,274	50,779,838
	<u>199,738,274</u>	<u>50,779,838</u>
Current		
Income tax refund	50,775,154	91,169,019
	<u>50,775,154</u>	<u>91,169,019</u>

8. Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured		
Trade receivables		
- Considered good	371,022,886	286,481,734
- Considered doubtful	12,679,605	10,270,269
	<u>383,702,491</u>	<u>296,752,003</u>
Less: Loss allowance for doubtful receivables	<u>(12,679,605)</u>	<u>(10,270,269)</u>
	<u>371,022,886</u>	<u>286,481,734</u>

The Company's exposure to credit risk and loss allowances related to trade receivables is disclosed in note 35.

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9. Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Cheques on hand	-	498,274
Balances with bank - on current accounts	79,478,627	62,094,419
	<u>79,478,627</u>	<u>62,592,693</u>

10. Other assets

	As at 31 March 2018	As at 31 March 2017
Current		
Indirect taxes receivables	-	26,568,929
Prepaid expenses	854,068	10,981,205
Interest receivable on income tax refund	-	15,091,940
Others	9,780	87,698
	<u>863,848</u>	<u>52,729,772</u>

11. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised share capital 5,000,000 (31 March 2017 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and fully paid-up share capital 5,000,000 (31 March 2017 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>50,000,000</u>	<u>50,000,000</u>

11.1. Reconciliation of shares outstanding at the beginning and at the end of reporting period

	Number of shares	Amount
Balance as at 1 April 2016	5,000,000	50,000,000
Add: Issued during the year	-	-
Balance at 31 March 2017	<u>5,000,000</u>	<u>50,000,000</u>
Add: Issued during the year	-	-
Balance at 31 March 2018	<u>5,000,000</u>	<u>50,000,000</u>

11.2. Rights, preferences and restrictions attached to the equity shares:

The Company has a single class of equity shares having a par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each holder of an equity share is entitled to one vote per share. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

11.3. Equity shares held by the holding company, their subsidiaries and associates

	As at 31 March 2018	As at 31 March 2017
	Number of shares	Number of shares
Wipro Limited (Holding Company) Refer Note 37	<u>3,700,000</u>	<u>3,700,000</u>

11.4. Particulars of shareholders holding more than 5 percent shares in the Company

Name of the shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% shares held	Number of shares	% shares held
Wipro Limited (Holding Company)	3,700,000	74%	3,700,000	74%
Delhi International Airport Limited formerly known as Delhi International Airport Private Limited (Enterprise that exercise significant influence)	1,300,000	26%	1,300,000	26%

12. Other equity

	As at 31 March 2018	As at 31 March 2017
Retained earnings		
Balance at the beginning of the year	82,961,736	44,621,671
Profit/ (loss) attributable to the owners of the company	(78,099,130)	38,392,084
Other comprehensive loss, net of tax	(18,242)	(52,019)
Total comprehensive profit	<u>4,844,364</u>	<u>82,961,736</u>

13. Borrowings

	As at 31 March 2018	As at 31 March 2017
Non-current		
Term loan from bank	-	2,118,223
	<u>-</u>	<u>2,118,223</u>

During the year the Borrowings has been reclassified as other liabilities on account of repayment of borrowings by Delhi International Airport Limited formerly known as Delhi International Airport Private Limited (DIAL) and the amount is expected to be settled by delivery of assets to DIAL, hence the amount has been reclassified as other liabilities.

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14. Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Non-current		
Payable for services received	50,507,323	56,044,586
Retention money	9,456,381	8,755,908
Deposits	5,289,412	4,897,604
	<u>65,253,116</u>	<u>69,698,098</u>
Current		
Employee related payables	510,187	448,077
Deposits	72,134,365	81,954,496
Concession fee payable	363,804,074	-
Payable for services received	22,934,579	-
Creditor for capital goods	46,331,985	53,496,143
Common User Terminal Equipment (CUTE) recovery payable	-	14,404,085
Others	7,670,961	117,509
	<u>513,386,151</u>	<u>150,420,310</u>

15. Provisions

	As at 31 March 2018	As at 31 March 2017
Non-current		
Provision for employee benefits		
Gratuity	1,167,089	959,188
	<u>1,167,089</u>	<u>959,188</u>
Current		
Provision for employee benefits		
Compensated absences	598,148	482,207
Gratuity	198,023	155,352
Provision for litigation	-	287,531
	<u>796,171</u>	<u>925,090</u>

The schedule of provision as required to be disclosed in compliance with Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets is as under:

	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	287,531	287,531
Add: Provision made during the year	-	-
Less: Provision utilised/ written back during the year	287,531	-
At the end of the year	<u>-</u>	<u>287,531</u>

Provision for litigation: This represents provision made for probable claims arising out of pending litigations in respect of Income-tax Act, 1961.

No such litigations exist in the current year, hence the amounts have been written off during the current year.

16. Other liabilities

	As at 31 March 2018	As at 31 March 2017
Non-current		
Accrued income on amortisation of:		
Retention money	959,719	1,677,658
Deposits	521,639	911,799
	<u>1,481,358</u>	<u>2,589,457</u>
Current		
Unearned revenue	-	9,914,004
Statutory liabilities	5,671,833	3,554,583
Accrued income on amortisation of:		
Retention money	717,872	717,873
Deposits	390,160	390,160
Creditor for capital goods	-	843,454
	<u>6,779,865</u>	<u>15,420,074</u>

17. Trade payables

	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	182,158,720	380,584,319
	<u>182,158,720</u>	<u>380,584,319</u>

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18. Current tax liabilities

	As at 31 March 2018	As at 31 March 2017
Current tax liabilities		
Income tax liabilities {Net of income tax asset of Rs. 55,133,085 {31 March 2017: Rs. 100,543,284}	38,183,191	338,251,565
	<u>38,183,191</u>	<u>338,251,565</u>

19. Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Rendering of services	569,422,606	509,190,011
	<u>569,422,606</u>	<u>509,190,011</u>

20. Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income	2,487,549	2,441,536
Unwinding of accrued income	1,951,494	6,152,440
Interest income on income tax refund	862,631	43,814,198
Miscellaneous income	2,258,664	115,130
Gain on sale of fixed assets (net)	-	22,479
	<u>7,560,338</u>	<u>52,545,783</u>

21. Cost of services received

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of services received	524,888,522	465,881,938
	<u>524,888,522</u>	<u>465,881,938</u>

22. Employee benefits

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	9,395,521	9,138,335
Contribution to provident and other funds (Refer note 34 (a))	355,840	381,609
Expense related to post-employment defined benefit plan (Refer note 34)	222,633	207,614
Expense related to compensated absences	1,15,941	157,377
Staff welfare expenses	257,692	300,674
	<u>10,347,627</u>	<u>10,185,609</u>

23. Finance cost

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost	1,694,030	8,297,875
	<u>1,694,030</u>	<u>8,297,875</u>

24. Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Travelling and conveyance	288,142	351,615
Rent	157,315	488,045
Insurance	3,257,290	3,662,424
Rates and taxes	10,228,828	167,702
Legal and professional charges (Refer note 31)	3,652,702	2,758,667
Communication expenses	75,365	95,870
Impairment loss on trade receivables	2,409,336	2,254,120
Miscellaneous expenses	50,680	128,260
	<u>20,119,658</u>	<u>9,906,703</u>

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25. Income tax

a) Income tax recognised in profit or loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax		
- In respect of current year	112,161,530	261,327,942
- In respect of prior years	(462,885,098)	-
	<u>(350,723,567)</u>	<u>261,327,942</u>
Deferred tax		
- in respect of current year	(32,742,095)	(240,920,855)
- in respect of prior years	464,452,526	-
	<u>431,710,431</u>	<u>(240,920,855)</u>
Total income tax expense recognised in current year	<u><u>80,986,863</u></u>	<u><u>20,407,087</u></u>

b) Income tax recognised in other comprehensive income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit liability (asset)	9,697	39,054
	<u>9,697</u>	<u>39,054</u>

c) Reconciliation of effective tax rate

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	2,887,733	58,799,171
Income Tax expense calculated at 34.61% (2016-17: 34.61%)	-	-
Effect on deferred tax balances due to change in income tax rate from 34.61% to 29.21%	12,410,750	-
Effect of deductible temporary differences for which no deferred tax assets have been recognised (Refer Note 6.1)	66,009,298	-
Others	-	57,870
	<u>78,420,048</u>	<u>57,870</u>
Adjustments recognised in the current year in relation to the current	1,567,428	-
Income tax expense recognised in profit or loss	<u><u>79,987,476</u></u>	<u><u>57,870</u></u>

d) The tax rate used for the year ended 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under the Indian tax law.

e) The income tax rate has changed from 34.61% to 29.21% from April 1, 2018. Accordingly deferred tax has been recognized at the rates applicable when the temporary differences are expected to reverse.

26. Related party transactions

(i) List of related parties and relationships:

Holding company:

Wipro Limited

Enterprise that exercises significant influence:

Delhi International Airport Limited formerly known as Delhi International Airport Private Limited (DIAL)

Jointly controlled Enterprise of enterprise exercising significant influence:

Delhi Duty Free Services Private Limited

Key managerial personnel

- Jasvinder Singh – Chief Executive Officer (with effect from 28 December 2016)

- Tarun Oberoi – Chief Executive Officer (till 3 October 2016)

- Vinit Kishore – Chief Financial Officer

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(ii) Transactions with related parties

	For the year ended 31 March 2018	For the year ended 31 March 2017
Holding company		
Cost of services received	524,888,522	465,881,938
Amounts paid by the holding company on behalf of the Company :-		
Reimbursement of expenses	621,225	225,412
Property, plant and equipment	-	6,580,775
Rent	36,000	36,000
Interest on short term borrowing	-	2,000,000
Short-term borrowing repaid	-	40,000,000
Enterprise that exercises significant influence		
Rendering of services	566,272,606	509,190,011
Impairment loss on trade receivables	256,282	2,107,220
Jointly controlled Enterprise of enterprise exercising significant influence:		
End customer billing	4,073,491	4,585,499
Key managerial personnel		
Salaries, allowances and provident fund (refer (a) below)		
Tarun Oberoi	-	1,152,406
Vinit Kishore	3,078,208	2,677,548
Jasvinder Singh	3,661,796	649,592

- (a) These amounts do not include provision for gratuity and compensated absences relating to the key managerial personnel as the same are actuarially determined for the Company as a whole.
- (b) As per the master service agreement executed by the Company with DIAL, the Company shall either pay a concession fee to DIAL in case the receivable from billings is higher than the agreed subsistence level or receive a premium from DIAL in case the agreed subsistence level is higher than receivable from billings. During the year ended 31 March 2018, the Company has a payable amount toward concession fee to DIAL of Rs. 363,804,074 (31 March 2017: billed to DIAL a premium of Rs. 47,447,958).
- (c) As per the Master Service Agreement (MSA) executed by the Company with DIAL, CUTE recovery refers to amount received from DIAL on account of trade receivable from Airlines (relating to cute service charges) outstanding for a period exceeding the period defined within MSA. Similarly, CUTE recovery payable to DIAL refers to amount to be refunded to DIAL on account of subsequent recoveries from the Airlines for CUTE services. Accordingly, as at 31 March 2018, Rs. 12,465,824 relates to CUTE recovery receivable from DIAL (31 March 2017: Rs. 14,404,085 relates to CUTE recovery payable to DIAL).

(iii) Outstanding balances and commitments as at the end of the period

	As at 31 March 2018	As at 31 March 2017
Holding Company		
Trade payables	152,330,507	360,243,757
Other non-current financial liabilities - Payable for services received	50,507,323	56,044,586
Other current financial liabilities - Payable for services received	22,934,579	-
Other current financial liabilities - Creditor for capital goods	46,331,985	52,912,760
Other current assets - Prepaid expenses	-	9,914,002
Other Commitments		
- Estimated amount of commitment made under Operation and Maintenance Agreements	882,157,010	1,283,056,347
Enterprise that exercises significant influence		
Other current liabilities - Unearned revenue	-	9,914,004
Current financial assets - Unbilled revenue	70,329,523	15,927,639
Non current financial assets - Unbilled revenue	49,887,089	47,595,197
Other current liabilities - Others	2,118,223	-
Other current financial liabilities - DIAL concession fee payable	363,804,074	-
Trade receivables		
- CUTE recovery receivable	12,465,824	-
- Other Trade receivables (gross of provision for doubtful receivables of Rs. 2,363,501 (31 March 2017: Rs. 2,107,220))	2,363,501	7,487,834
CUTE recovery payable	-	14,404,085
Jointly controlled Enterprise of enterprise exercising significant influence:		
Trade Receivables	300,045	-
Key managerial personnel		
Employee related payables		
Vinit Kishore	191,082	178,392
Jasvinder Singh	254,931	196,866

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27. De-recognition of financial assets:

The Company has applied the principles of Indian Accounting Standard (Ind AS) – 109, Financial Instruments, for de-recognition of certain financial assets and financial liabilities, as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Act.

In December 2009, the Company had entered into a Transaction Agreement with Infrastructure Development Finance Company Limited (IDFC). Simultaneously, the Company, DIAL, IDFC and Wipro Limited entered into a Consent and Acknowledgement Agreement (“Consent Agreement”) to protect/provide certain rights to IDFC under the Transaction Agreement. As per the Transaction Agreement, the Company securitized the finance lease receivables from DIAL and received a sum of Rs. 5,000,000,000 from IDFC.

The Company had entered into a Master Service Agreement (“MSA”) with DIAL in October 2009 to provide hardware, software, operation and maintenance services. Pursuant to the MSA, the Company has leased assets aggregating to Rs. 4,997,881,777 till 31 March 2018 (31 March 2017: Rs. 4,997,881,777) to DIAL. The Company determined that the lease arrangement qualified as finance lease and accordingly recorded finance lease receivables.

Based on the terms of MSA, the Transaction Agreement, the Consent Agreement and related amendments to these agreements, the Company de-recognized the finance lease receivables from DIAL and borrowings from IDFC aggregating to Rs. 4,997,881,777 till 31 March 2018 (31 March 2017: Rs. 4,997,881,777) in accordance with Ind AS 109.

The interest income on the leased assets and interest expense on IDFC are also presented in the financial statements on a net basis.

Total outstanding to IDFC as on 31 March 2018 is Rs. Nil (31 March 2017: Rs. 807,585,126).

28. Earnings per equity share

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit/ (Loss) for the year attributable to equity shareholders	(78,099,130)	38,392,084
Weighted average number of equity shares outstanding during the year the period (face value Rs. 10 per share)	5,000,000	5,000,000
Basic and diluted earnings per share (Rs.)	(15.62)	7.68

29. Capital and other commitments

	As at 31 March 2018	As at 31 March 2017
Estimated amount of commitment made under Operation and Maintenance Agreements	1,454,171,673	1,616,302,149
	<u>1,454,171,673</u>	<u>1,616,302,149</u>

30. Contingent liabilities

	As at 31 March 2018	As at 31 March 2017
Claims against the Company not acknowledged as debts:		
- Interest demand from service tax authorities	6,676,638	6,676,638
	<u>6,676,638</u>	<u>6,676,638</u>

During the year 2015-16, the Company had received a demand order for interest of Rs. 6,676,638 computed on availment of 100% centvat credit on capital goods in the first year of purchase itself during the financial years 2010 – 2011 and 2011 – 2012. The service tax department had contended that the Company should have availed centvat credit of 50% in the first year and balance 50% in the second year of purchase/ transfer of capital assets from Delhi International Airport Limited formerly known as Delhi International Airport Private Limited. The Company had filed an appeal against the said order and believes that the outcome in respect of the matter will be in favour of the Company and accordingly, no provision has been considered in this regard.

31. Auditor's remuneration (included in legal and professional charges) *

	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fee	750,000	600,000
Limited review of quarterly results	350,000	300,000
Other audit services	50,000	150,000
	<u>1,150,000</u>	<u>1,050,000</u>

* does not include service tax/GST and out of pocket expenses.

32. Operating leases

The Company has taken an office premise and vehicles for employees under operating leases. The lease for office premise typically runs for a period of one year, with an option to renew the lease after that period and the lease for vehicles typically runs for a period of two to five years.

The lease rentals in relation to vehicles have been presented till 30 June 2017, as the vehicles were purchased by the Company on July 1, 2017.

Minimum lease rentals charged to the statement of profit and loss under cancellable operating leases is as under:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Office premise	36,060	27,135
Vehicles	121,255	188,295
	<u>157,315</u>	<u>215,430</u>

33. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the reporting period	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the reporting period	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the reporting period	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	<u>-</u>	<u>-</u>

34. Employee benefits

(a) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employees' salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the period aggregated to Rs. 355,840 (31 March 2017: Rs. 381,609).

(b) Defined benefit plans

- (i) General description - The Company operates a gratuity plan wherein every employee is entitled to a benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five years of continuous service. Gratuity benefits are valued in accordance with the Payment of Gratuity Act, 1972.

These plans typically expose the company to actuarial risks such as interest rate risk, longevity risk and salary risk.

Interest rate risk	A decrease in the bond interest rate will increase the planned liabilities
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the morality of planned participants both during and after the employment. An increase in the life expectancy of the planned participants will increase the planned liabilities.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of planned participants. As such an increase in salary of the planned participants will increase the planned liabilities.

- (ii) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

	As at 31 March 2018	As at 31 March 2017
Present value of obligation as at the beginning of the year	1,114,540	1,111,884
Current service cost	136,256	129,782
Interest expense	86,377	77,832
Total amount recognised in profit or loss	<u>222,633</u>	<u>207,614</u>
<i>Remeasurements on the net defined benefit liability:</i>		
Actuarial (Gain)/loss from changes in financial assumptions	(64,035)	51,469
Actuarial losses from experience adjustments	91,974	39,604
Total amount recognised in other comprehensive income	<u>27,939</u>	<u>91,073</u>
Benefit payments	-	(296,031)
Present value of obligation as at the end of the period	<u>1,365,112</u>	<u>1,114,540</u>

- (iii) The significant actuarial assumptions were as follows:

	As at 31 March 2018	As at 31 March 2017
Discount rate (p.a.)	7.25%	7.00%
Future salary increase (p.a.)	8.00%	8.00%
Retirement age	58 years	58 years
Mortality table	IALM 2006-08 ultimate	IALM 2006-08 ultimate
Withdrawal rate (p.a.)	15%	15%
Weighted average duration of defined benefit obligation	18 years	19 years

The Company assesses the assumptions with its projected long-term plans of growth and prevalent industry standards. The estimate of future salary

- (iv) The Company expects to make a contribution of Rs. 146,038 (31 March 2017: 136,965) to the defined benefit plan during the next financial year.

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(v) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate (1% increase)	(1,289,818)	(1,050,264)
Discount rate (1% decrease)	1,448,727	1,186,171
Future salary growth (1% increase)	1,447,745	1,184,785
Future salary growth (1% decrease)	(1,289,280)	(1,050,264)
Attrition movement (1% increase)	(1,363,189)	(1,109,927)
Attrition movement (1% decrease)	1,367,185	1,119,495

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

35. Financial instrument - Fair value and risk management

A. Capital Management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of total equity. The Company is not subject to any externally imposed capital requirements.

The Company obtains borrowings for procuring assets which are subsequently leased to Delhi International Airport Limited, formerly known as Delhi International Airport Private Limited (DIAPL). (Refer Note 27). The loan from IDFC has been fully repaid during the year and the Company does not hold any borrowings as on March 31, 2018.

The Company's reviews the capital structure on a regular basis. As part of this review, the Company considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity

B. Categories of financial instruments

	As at 31 March 2018	As at 31 March 2017
Financial assets measured at amortised cost		
Trade receivables	371,022,886	286,481,734
Cash and cash equivalents	79,478,627	62,592,693
Other financial assets	123,366,611	63,522,836
	<u>573,868,124</u>	<u>412,597,263</u>
	As at 31 March 2018	As at 31 March 2017
Financial liabilities not measured at amortised cost		
Borrowings	-	2,118,223
Trade payables	182,158,720	380,584,319
Other financial liabilities	578,639,267	220,118,408
	<u>760,797,987</u>	<u>602,820,950</u>

C. Financial risk management

The Company may have exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

i) Risk management framework

The Company's Chief Finance Officer has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conducts yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to such limits. Risk management system is reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure identification of risks and periodic assessment of such risks is carried out. The Board of directors periodically monitor the risk assessment.

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ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, wherever appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and controls relating to the customer credit risk management, which inter alia involves obtaining credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

The Company's trade receivables are typically unsecured. However, as per the Master Service Agreement ('MSA') executed by the Company with DIAL, receivables on account of CUTE billing to customers exceeding a specified outstanding period is recovered from DIAL. Further, as regards non-CUTE billing to customers, the Company follows a practice of obtaining collateral security from customers in the form of bank guarantee or security deposit, which may be adjusted by the Company in case of payment defaults by customers.

On adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss on trade receivables. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account historical experience with customers. Based on the past experience, the management considers that in addition to the expected credit loss based on a provision matrix, the Company identifies old dues pending with customers on account of ongoing disputes and adequately recognises loss allowance against such disputed dues.

The age of trade receivables (gross carrying amount) at the reporting date was:

Particulars	As at	As at
	31 March 2018	31 March 2017
Not due	130,320,629	75,814,379
1-90 days	97,911,549	38,923,680
91-180 days	44,871,050	60,912,932
181-365 days	33,663,130	78,517,702
1-2 years	47,396,049	28,383,080
2-3 years	18,442,307	7,671,553
More than 3 years	11,097,777	6,528,677
Total	383,702,491	296,752,003

Movement in the allowance for impairment in respect of trade receivables :

Particulars	For the year ended	For the year ended
	31 March 2018	31 March 2017
Balance at the beginning of the year	10,270,269	8,016,149
Impairment loss recognised	2,409,336	2,254,120
Balance at the end of the year	12,679,605	10,270,269

Bank balances with banks

Credit risk from balances with banks is managed by the Company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through counterparty's potential failure to make payments.

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, Company also has got sanctioned cash credit limit of 30,000,000 from bank. Interest is payable at MCLR + 2% (31 March 2016: MCLR + 2%; 1 April 2015: MCLR + 2%).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and include the impact of netting agreements.

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As at 31 March 2018

	Contractual cash flows						
	Carrying amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings	-	-	-	-	-	-	-
Trade payables	182,158,720	182,158,720	182,158,720	-	-	-	-
Other financial liabilities	578,639,267	581,544,868	418,317,207	-	-	163,227,661	-
	760,797,987	763,703,588	600,475,927	-	-	163,227,661	-

As at 31 March 2017

	Contractual cash flows						
	Carrying amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings	2,118,223	2,211,171	-	-	2,211,171	-	-
Trade payables	380,584,319	380,584,319	380,584,319	-	-	-	-
Other financial liabilities	220,118,408	224,718,039	69,067,563	-	-	-	155,650,476
	602,820,950	607,513,529	449,651,882	-	2,211,171	-	155,650,476

iv) Market risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

- Currency risk

The Company is not exposed to currency risk as the financial assets and financial liabilities of the Company are not denominated in foreign currency.

- Interest risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to the risk of changes in market interest rates as the Company's borrowings are at fixed interest rates.

D. Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements that are not measured at fair value approximate their fair values.

36. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. As the Company's business activities falls within a single operating segment and is a single geographical segment, the disclosure requirements of Ind AS-108 "Segment Reporting" are not applicable.

37. Subsequent events

On April 5, 2018 the Company has executed Addendum 2 to the Joint Venture Agreement with Delhi International Airport Limited formerly known as Delhi International Airport Private Limited, Antriksh Softech Private Limited and Wipro Limited, whereby Wipro Limited has sold 3,150,000 shares, equivalent to 63% of its shareholding in the Company to Antriksh Softech Private Limited for a consideration of Rs. 31,500,000.

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vikas Bagaria
Partner

Sd/-
Indana Prabhakara Rao
Director
DIN : 03482239

Sd/-
Shantanu Rohatgi
Director
DIN : 07677592

Place : Bangalore
Date : 3rd May 2018

Place : New Delhi
Date : 3rd May 2018

Place : New Delhi
Date : 3rd May 2018

Sd/-
Vinit Kishore
Chief Financial Officer

Place : New Delhi
Date : 3rd May 2018

Wipro Airport IT Services Limited
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1. Company overview

Wipro Airport IT Services Limited ('the Company') was incorporated on October 22, 2009 under the Companies Act, 1956. The Company is domiciled and headquartered in India. The registered office of the Company is at Doddakannelli, Sarjapur Road, Bangalore 560035. The Company's 74% equity shares are held by Wipro Limited (the holding company) and 26% equity shares held by Delhi International Airport Limited formerly known as Delhi International Airport Private Limited ('DIAL'). (Refer Note 37)

The Company was primarily formed to render services such as designing, deploying, maintaining information and communication technology infrastructure and applications for identified airports and airport specific information technology architecture.

2. Basis of preparation

a. Statement of compliance

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

The accounting policies followed in preparation of financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 31 March 2017

Details of the Company's accounting policies are included in note 3.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except certain financial assets and liabilities that are measured at amortised cost.

d. Use of estimates and judgements

In preparing these financial statements, management has made judgements, 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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a)(iii) and 4 – measurement of useful life of property, plant and equipment
- Note 3(c), 22 and 34 – measurement of defined benefit obligations, key actuarial assumptions
- Note 3(f) and 30 – provisions and contingent liabilities
- Note 3(g) and 25 – Income taxes
- Note 35 – fair value measurement of financial assets and liabilities

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e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 35 – financial instruments.

3. Significant accounting policies

a. Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life
Furniture and fixtures	3 to 5.26 years
Office equipments	5 years
Computers	2 to 3.86 years
Vehicles	1 to 2 years

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Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

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 off).

b. Leases

i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii) Assets held under leases

Leases that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii) Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

c. Employee benefits

i) 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 Company 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.

ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund. Obligations for contributions to defined contribution plan is recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

d. Revenue recognition

Revenue from maintenance contracts is recognized ratably over the period of the contract on straight-line basis over the specified period unless some other method better represents the stage of completion.

e. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments which are recognised at fair value through OCI (FVOCI)

There are no foreign currency transactions during the years ended 31 March 2018 and 31 March 2017.

f. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The unwinding of discount is recognized as finance cost. Expected future operating losses are not provided for.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, 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.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

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Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

g. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i) Current tax

Current income 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 amounts 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.

ii) Deferred 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 statements.

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.

Deferred income tax liabilities are recognized for all taxable temporary differences.

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.

h. Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

i. Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A 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.

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ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- at fair value through other comprehensive income; or
- at fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

The Company does not have any financial assets within this category.

On initial recognition of an equity investment that is not held for trading, the Company has elected to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis. The Company does not have any financial assets within this category.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. The Company does not have any financial assets within this category.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

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Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Company does not have any financial liabilities under the category of FVTPL.

iii) De-recognition

Financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company 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.

j. Impairment

i) Impairment of financial instruments

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

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).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and

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analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

ii) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows 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 a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using 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).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of assets other than goodwill for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k. Cash and cash equivalents

Cash and cash equivalents comprise cash balance on hand, balance with banks and highly liquid investments with maturity period of three months or less from the date of investment.

l. Recognition of interest income or expense

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m. Cash flow statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

n. Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.