Appaji& Co.
CHARTEREDACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Appirio, K.K ,

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Appirio, K.K** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.(herein after referred to as standalone Ind As Financial statements).

Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. 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 standalone 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 standalone **Ind AS** financial statements based on 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.

We conducted our audit 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements,

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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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the standalone 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 standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Profit and its cash flows for the year ended on that date.

For M/s. Appaji& Co.,
Chartered Accountants
FRN. 014147S

-Sd-

CA K Appaji
Partner
Mno-214156
Date: June 01, 2018
Place: Bengaluru

Sensitivity: Internal & Restricted

APPIRIO, K.K.

STANDALONE FINANCIAL STATEMENTS UNDER IND AS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

APPIRIO, K.K.

BALANCE SHEET AS AT MARCH 31, 2018

(Amount in JPY, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	10,031,330	7,086,422
Total non-current assets		**10,031,330**	**7,086,422**
Current assets			
Financial assets			
Trade receivables	7	91,337,758	36,903,639
Cash and cash equivalents	8	74,543,758	185,631,523
Unbilled revenues		145,416,979	36,203,040
Other financial assets	9	31,823,484	28,415,711
Other current assets	10	5,087,591	8,370,110
Total current assets		**348,209,570**	**295,524,023**
TOTAL ASSETS		**358,240,900**	**302,610,445**
EQUITY			
Equity share capital	11	9,010,000	9,010,000
Other equity		(421,876,220)	(457,297,083)
Total equity		**(412,866,220)**	**(448,287,083)**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	13	577,384,229	611,454,316
Non-current tax liability		35,017,514	35,017,514
Total non-current liabilities		**612,401,743**	**646,471,830**
Current liabilities			
Financial liabilities			
Trade payables	12	31,079,737	27,195,913
Other financial liabilities	13	25,810,716	29,591,341
Current tax liabilities		17,027,466	-
Other current liabilities	14	9,840,947	23,146,638
Provisions	15	74,946,511	24,491,806
Total current liabilities		**158,705,377**	**104,425,698**
TOTAL EQUITY AND LIABILITIES		**358,240,900**	**302,610,445**

The accompanying notes form an integral part of these financial statements

In terms of our report attached
for Appaji & Co.
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Manoj Nagpaul
Director

Sd/-
Srikanth Samba
Director

Place: Bengaluru
Date: June 01, 2018

Sensitivity: Internal Restricted

APPIRIO, K.K.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount is JPY, unless otherwise stated)

	Notes	For the Year Ended March 31, 2018	For the Period 23-Nov-16 to 31-Mar-17
REVENUE			
Revenue from operations	16	857,544,177	270,583,479
Other income	17	36,926,946	(147,468,509)
Total Revenue		894,471,123	123,114,970
EXPENSES			
Employee benefits expense	18	477,507,159	149,770,902
Sub Contracting/Technical Fees		189,986,016	64,911,620
Finance costs	19	24,680,903	8,776,186
Depreciation	6	1,680,472	3,444,527
Other expenses	20	148,168,244	35,761,665
Total Expenses		842,022,794	262,664,900
Profit/(Loss) before tax		52,448,329	(139,549,930)
Tax expense			
Current tax		17,027,466	-
Deferred tax		-	-
Tax expense		17,027,466	-
Profit/(Loss) for the period		35,420,863	(139,549,930)
<u>Other Comprehensive Income</u>			
Items that will not be reclassified to statement of profit or loss (Net of tax)		-	
Items that will be reclassified to statement of profit or loss (Net of tax)		-	
Total Other Comprehensive Income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		35,420,863	(139,549,930)
Earnings per equity share (Equity shares of par value JPY 10,000 each)	22		
Basic		39,313	(154,883)
Diluted		39,313	(154,883)
No. of shares			
Basic		901	901
Diluted		901	901

The accompanying notes form an integral part of these financial statements

In terms of our report attached
for Appaji & Co.
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Manoj Nagpaul
Director

Sd/-
Srikanth Samba
Director

Place: Bengaluru
Date: June 01, 2018

Sensitivity: Internal Restricted

APPIRIO, K.K.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in JPY, unless otherwise stated)

	For the Year Ended March 31, 2018	For the Period 23-Nov-16 to 31-Mar-17
Cash flows from operating activities:		
Profit/(Loss) for the period	35,420,863	(139,549,930)
Adjustments:		
Depreciation	1,680,472	3,445,619
Exchange loss, net	(35,147,077)	148,033,118
Income tax (write-back)/expense	17,027,466	-
Interest (income)/expenses, net	23,059,754	8,211,577
Other non cash items	(158,720)	-
Changes in operating assets and liabilities		
Trade receivables	(17,665,893)	(34,861,431)
Unbilled revenue	(109,213,939)	2,311,408
Other assets	(57,647,018)	6,278,589
Trade payables	(54,867,167)	(39,347,824)
Accrued expenses, other liabilities and provisions	90,890,154	163,226,972
Cash generated from operating activities before taxes	(106,621,105)	117,748,098
Income taxes paid, net	-	-
Net cash generated from operating activities	**(106,621,105)**	**117,748,098**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,466,660)	(810,634)
Interest received	-	564,609
Cash used in investing activities before taxes	(4,466,660)	(246,025)
Net cash used in investing activities	**(4,466,660)**	**(246,025)**
Cash flows from financing activities:		
Interest paid on loans and borrowings	-	(8,776,186)
Net cash generated in financing activities	-	**(8,776,186)**
Net increase in cash and cash equivalents during the period	(111,087,765)	108,725,887
Cash and cash equivalents at the beginning of the period	185,631,523	76,905,636
Cash and cash equivalents at the end of the period (Note 8)	**74,543,758**	**185,631,523**

The accompanying notes form an integral part of this financial statement

In terms of our report attached
for **Appaji & Co.**
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Manoj Nagpaul
Director

Sd/-
Srikanth Samba
Director

Place: Bengaluru
Date: June 01, 2018

APPIRIO, K.K.
STATEMENT OF CHANGES IN EQUITY
(Amount is JPY, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Balance as at April 1, 2017	Changes during the Period	Balance as at March 31, 2018
9,010,000	0	9,010,000

Balance as at November 23, 2016	Changes during the Period	Balance as at March 31, 2017
9,010,000	0	9,010,000

B. OTHER EQUITY

	No. of Shares	Retained Earnings	Equity Attributable to Equity Holders of the Company	Total Other Equity
Balance as at April 01, 2017	901	(457,297,083)	(457,297,083)	(457,297,083)
Profit/(Loss) for the period		35,420,863	35,420,863	35,420,863
Total comprehensive income for the period	-	35,420,863	35,420,863	35,420,863
	-	35,420,863	35,420,863	35,420,863
Balance as at March 31, 2018	901	(421,876,220)	(421,876,220)	(421,876,220)

	No. of Shares	Retained Earnings	Equity Attributable to Equity Holders of the Company	Total Other Equity
Balance as at November 23, 2016	901	(317,747,153)	(317,747,153)	(317,747,153)
Profit/(Loss) for the period		(139,549,930)	(139,549,930)	(139,549,930)
Total comprehensive income for the period	-	(139,549,930)	(139,549,930)	(139,549,930)
	-	(139,549,930)	(139,549,930)	(139,549,930)
Balance as at March 31, 2017	901	(457,297,083)	(457,297,083)	(457,297,083)

The accompanying notes form an integral part of these financial statements

In terms of our report attached
for Appaji & Co.
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Manoj Nagpaul
Director

Sd/-
Srikanth Samba
Director

Place: Bengaluru
Date: June 01, 2018

Sensitivity: Internal Restricted

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY, unless otherwise stated)

1. The Company overview

Appirio, K.K. (the "Company"), incorporated in the state of Tokyo, is a 100% subsidiary of Appirio Inc. (USA), is a leading global consultancy and provider of cloud-based services to business enterprises' Information Technology (IT) cloud solutions. The Company offers professional services and subscription Software-as-a-Service (SaaS) products on a Platform-as-a-Service (PaaS) that help enterprises accelerate their adoption to cloud-based computing.

The Company utilises its knowledge and partnerships with leading SaaS-based providers, such as Salesforce.com and Workday, to provide unique solutions to its customers' IT needs. The Company derives the majority of its revenues in Japan.

2. Basis of preparation of financial statement

(i) Statement of Compliance and basis of preparation

The special purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013. Since, the Company was acquired on November 23, 2016, the comparative financial information have been provided only for the period November 23, 2016 to March 31, 2017 for which the Company was subsidiary of Wipro Limited.

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

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The functional currency of the company is JPY. All amounts included in the financial statements is reported in JPY including share and per share data, unless otherwise stated.

(ii) Basis of Measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis. Accounting policies have been applied consistently to all periods presented in these financial statements.

(iii) Use of estimates and judgement

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

a) Revenue recognition: The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer. Revenue is recognized on net basis in scenario where the company is not the primary obligor.

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b) Income taxes: The major tax jurisdictions for the Company is Japan. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

c) Deferred taxes: Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

d) Expected credit losses on financial assets: On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

3. Significant accounting policies

(i) Foreign currency transactions

a) Transactions and balances

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

(ii) Financial instruments

a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

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

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

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

A. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash with banks in current account and sweep account with banks, which can be withdrawn at any time, without prior notice or penalty.

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

B. Other financial assets:

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

C. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

(iii) Equity and share capital

a) Equity share capital

The authorized share capital of the Company as of March 31, 2018 is JPY 9,010,000 (JPY 9,010,000 as of March 31, 2017) divided into 901 equity shares of JPY 10,000 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

b) Retained earnings

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

c) Other reserves

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

(iv) Property, plant and equipment

a) Recognition and measurement

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

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Building	Useful life or lease term whichever is lower
Plant & equipment	2 to 10 years
Office equipment	5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

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

(v) Leases

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

a) Arrangements where the Company is the lessee

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

b) Arrangements where the Company is the lessor

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

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(vi) Impairment

a) Financial assets (other than at fair value)

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

b) Non-financial assets

The Company assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell (FVLCTS) and its value-in-use (VIU). If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(vii) Employee benefits

a) Short-term benefits

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

b) Termination benefits

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

c) Compensated absences

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

(viii) Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

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(ix) Revenue

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

a) Services

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

A. Time and materials contracts

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

B. Fixed-price contracts

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

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

C. Maintenance contracts

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

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

b) Products

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

(x) Finance costs

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

(xi) Other income

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

(xii) Income tax

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

a) Current income 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 amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

b) Deferred income tax

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

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(xiii) Cash flow statement

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

(xiv) Earnings per share

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

4. Fair Value Hierarchy

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

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

Sensitivity: Internal Restricted

5. Financial Instruments

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

a. Financial Assets and Liabilities

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

	Fair value through profit & loss	Amortised Cost	Total carrying value
Financial Assets:			
Trade Receivables	-	91,337,758	91,337,758
Cash and Cash Equivalents	-	74,543,758	74,543,758
Unbilled Revenues	-	145,416,979	145,416,979
Other Financial Assets	-	31,823,484	31,823,484
Total	-	343,121,979	343,121,979
Financial Liabilities:			
Trade Payables	-	31,079,737	31,079,737
Other Financial Liabilities	-	603,194,945	603,194,945
Total	-	634,274,682	634,274,682

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

	Fair value through profit & loss	Amortised Cost	Total carrying value
Financial Assets:			
Trade Receivables	-	36,903,639	36,903,639
Cash and Cash Equivalents	-	185,631,523	185,631,523
Unbilled Revenues	-	36,203,040	36,203,040
Other Financial Assets	-	28,415,711	28,415,711
Total	-	287,153,913	287,153,913
Financial Liabilities:			
Trade Payables	-	27,195,913	27,195,913
Other Financial Liabilities	-	641,045,657	641,045,657
Total	-	668,241,571	668,241,571

b. Exposure to Credit Risk

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. There is no significant concentration of credit risk

c. Liquidity Risk

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

d. Foreign Currency Exchange Rate Risk

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

e. Interest Rate Risk

Interest rate risk primarily arises from floating rate borrowing which is based on the movement in LIBOR.

Sensitivity: Internal Restricted

6. Property, Plant and Equipment

For the year ended March 31, 2018

	Building	Plant & Machinery	Total
Gross Carrying Value:			
As at April 1, 2017............	5,289,042	5,242,999	10,532,041
Additions........................	1,593,000	3,032,380	4,625,380
As at March 31, 2018.........	**6,882,042**	**8,275,379**	**15,157,421**
Accumulated Depreciation/ Impairment			
As at April 1, 2017............	(526,968)	(2,918,651)	(3,445,619)
Depreciation.....................	(860,463)	(820,009)	(1,680,472)
As at March 31, 2018.........	**(1,387,431)**	**(3,738,660)**	**(5,126,091)**
Net Carrying Value	**Building**	**Plant & Machinery**	**Total**
As at March 31, 2017..........	4,762,074	2,324,348	7,086,422
As at March 31, 2018..........	5,494,611	4,536,719	10,031,330
Capital Work-in-Progress			
As at March 31, 2018			-
As at March 31, 2017			-

For the Period November 23, 2016 to March 31, 2017

	Building	Plant & Machinery	Total
Gross Carrying Value:			
As at November 23, 2016......	5,289,042	5,242,999	10,532,041
Additions........................	-	-	-
Disposal/Adjustments..........	-	-	-
Translation Adjustment.........	-	-	-
As at March 31, 2017.........	**5,289,042**	**5,242,999**	**10,532,041**
Accumulated Depreciation/ Impairment			
As at November 23, 2016......	-	-	-
Depreciation.....................	(526,968)	(2,918,651)	(3,445,619)
Disposal/Adjustments..........			
Translation Adjustment.........	-	-	-
As at March 31, 2017..........	**(526,968)**	**(2,918,651)**	**(3,445,619)**
Net Carrying Value	**Building**	**Plant & Machinery**	**Total**
As at November 23, 2016......	5,289,042	5,242,999	10,532,041
As at March 31, 2017..........	4,762,074	2,324,348	7,086,422
Capital Work-in-Progress			
As at November 23, 2016			-
As at March 31, 2017			-

Sensitivity: Internal Restricted

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY, unless otherwise stated)

7. Trade Receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured:		
Considered good	90,812,880	36,339,030
	90,812,880	36,339,030
With Group Companies - Considered good	524,878	564,609
Less: Provision for doubtful receivables	-	-
	91,337,758	36,903,639

8. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2018 consistes of balances with banks.

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- Current accounts	74,543,758	185,631,523
	74,543,758	185,631,523

9. Other Financial Assets

	As at March 31, 2018	As at March 31, 2017
Current		
Security deposits	31,823,484	28,415,711
	31,823,484	28,415,711

10. Other Assets

	As at March 31, 2018	As at March 31, 2017
Current		
Prepaid Expenses	5,087,591	8,370,110
	5,087,591	8,370,110

Sensitivity: Internal Restricted

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY, unless otherwise stated)

11. Share Capital

	As at March 31, 2018	As at March 31, 2017
I. Authorised Capital		
901 (March 31, 2017: 901) equity shares	9,010,000	9,010,000
	9,010,000	**9,010,000**
II. Issued, subscribed and fully paid-up capital		
901 (March 31, 2017: 901) equity shares	9,010,000	9,010,000
	9,010,000	**9,010,000**

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

	As at March 31, 2018	As at March 31, 2017
Number of equity shares of JPY 10,000 each	901	910
	901	**910**

(ii) Reconciliation of issued, subscribed and paid-up capital

	March 31, 2018		March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares	901	9,010,000	901	9,010,000
Equity shares issued	-	-	-	-
Closing number of equity shares	**901**	**9,010,000**	**901**	**9,010,000**

(iii) Details of shareholders having more than 5% of the total equity shares of the Company

	31 March 2018		31 March 2017	
Name of the Shareholder	No. of shares	% held	No. of shares	% held
Appirio Inc.	901	100	901	100
	901	**100**	**901**	**100**

Rights, preferences and contingencies attached to the equity shares

The company has one class of equity shares having a face value of JPY 10,000 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets on the company after distribution of all preferential amounts, in proportion of their shareholding.

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY except, unless otherwise stated)

12. Trade payables

	As at March 31, 2018	As at March 31, 2017
Trade Payables	51,552	8,398,695
Payable to group companies	31,028,185	18,797,218
	31,079,737	27,195,913

13. Other Financial Liabilities

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Loan from group companies	577,384,229	611,454,316
	577,384,229	611,454,316
Current		
Salary payable	25,810,716	29,591,341
	25,810,716	29,591,341

14. Other Current Liabilities

	As at	As at
Consumption tax payable	9,840,947	23,146,638
	9,840,947	23,146,638

15. Provisions

	As at March 31, 2018	As at March 31, 2017
Current		
Provision for employee benefits	3,792,814	2,994,795
Provision for accrued expenses	71,153,697	21,497,011
	74,946,511	24,491,806

Sensitivity: Internal Restricted

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY, unless otherwise stated)

16. Revenue from operations

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Rendering of Services	857,544,177	270,583,479
	857,544,177	**270,583,479**

17. Other income

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Interest income	1,621,149	564,609
Foreign exchange gains / (losses), net	35,147,077	(148,033,118)
Miscellaneous income	158,720	-
	36,926,946	**(147,468,509)**

18. Employee benefits expense

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Salaries and wages	441,839,575	136,119,592
Employee pension	29,805,692	11,938,052
Staff welfare expenses	5,861,892	1,713,258
	477,507,159	**149,770,902**

19. Finance costs

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Interest expense	24,680,903	8,776,186
	24,680,903	**8,776,186**

20. Other expenses

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
AMC for software & hardware	46,930,185	14,541,605
Travel	19,394,995	3,013,081
Marketing	23,935,293	641,056
Legal and professional fees	15,090,839	3,939,861
Staff Recruitment expenses	38,313,438	7,571,756
Other general & administrative expenses	4,503,494	6,054,306
	148,168,244	**35,761,665**

Sensitivity: Internal Restricted

APPIRIO, K.K.
Notes to the Financial Statements
(Amount in JPY, unless otherwise stated)

21. Operating leases

The Company has taken on lease, office and residential facilities under cancellable and non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee.

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

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Not Later than 1 Year	58,293,275	30,544,860
Later than 1 Year and not later than 5 Years	326,869,678	122,747,712
Later than 5 Years	89,413,543	-
Total	474,576,496	153,292,573

22. Earnings per equity share

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

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

	Year ended March 31, 2018	For the Period Nov 23, 2016 to March 31, 2017
Loss for the Period	35,420,863	(139,549,930)
Weighted Average Number of Equity Shares Outstanding	901	901
Basic Earnings per Share	39,313	(154,883)

Sensitivity: Internal Restricted

23. Related Party Relationships, Transactions and Balances

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

Name of the Party	Relationship with the Company
Appirio Inc.	Holding Company

ii) **The Company had the following transactions with related parties during the year ended March 31, 2018**

Particulars	**Year ended March 31, 2018**	**For the period from Nov 23, 2016 to March 31, 2017**
Appirio Inc.		
Interest income	(1,621,149)	(564,609)
Interest expense	24,680,903	8,776,186

iii) **Balances with related parties as at March 31, 2018 are summarised below**

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Payables:		
Appirio Inc.	(607,887,536)	(629,686,926)

24. Commitments and contingencies

Capital commitments: As at March 31, 2018, the company did not have material capital commitments.

Contingencies: As at March 31, 2018, the company did not have material contingencies.

The accompanying notes form an integral part of these financial statements

In terms of our report attached
for **Appaji & Co.**
Chartered Accountants
Firm's Registration No.: 014147S

For and on behalf of the Board of Directors

Sd/-
CA K. Appaji
Partner
Membership No.: 214156

Sd/-
Manoj Nagpaul
Director

Sd/-
Srikanth Samba
Director

Place: Bengaluru
Date: June 01, 2018

Sensitivity: Internal Restricted