



& Associates

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Appirio Ltd UK

Report on the Financial Statements

We have audited the accompanying financial statements of Appirio Ltd UK ("the Company"), which comprises of the Balance Sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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 Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Restriction on use

This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and ultimate holding company's board of directors, for our audit work, for this report, or for the opinions we have formed.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

SD/-
Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
Date: JUNE 6, 2019



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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF Appirio Ltd UK

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

SD/-

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
Date: JUNE 6, 2019

APPIRIO LTD (UK)

STANDALONE FINANCIAL STATEMENT UNDER IND AS

AS AT AND FOR THE PERIOD ENDED MARCH 31, 2019

Appirio Ltd UK
Balance Sheet as at March 31, 2019

(Amount in GBP '000, unless otherwise stated)

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 51 | 73 |
| Total non-current assets | | 51 | 73 |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 5 | 2,219 | 1,587 |
| Cash and cash equivalents | 6 | 583 | 539 |
| Unbilled revenues | | 60 | 513 |
| Other financial assets | 7 | 4,814 | 51 |
| Contract assets | | - | 298 |
| Current tax assets(net) | | - | 224 |
| Other current assets | 8 | 1,034 | 596 |
| Total current assets | | 8,710 | 3,807 |
| TOTAL ASSETS | | 8,761 | 3,880 |
| EQUITY | | | |
| Equity share capital | 9 | 0 | 0 |
| Other equity | | (4,881) | (6,928) |
| Total Equity | | (4,881) | (6,928) |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities (net) | | 165 | 165 |
| Total non-current liabilities | | 165 | 165 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 10 | 7,900 | 6,752 |
| Trade payables | 11 | 4,033 | 2,690 |
| Other financial liabilities | 12 | 330 | 496 |
| Unearned revenues | | 692 | 530 |
| Current tax liabilities(net) | | 275 | - |
| Other current liabilities | 13 | 63 | 40 |
| Provisions | 14 | 184 | 135 |
| Total current liabilities | | 13,477 | 10,643 |
| Total Liabilities | | 13,642 | 10,808 |
| TOTAL EQUITY AND LIABILITIES | | 8,761 | 3,880 |

The accompanying notes form an integral part of these financial statements (Notes 1 to 30)

For and on behalf of the Board of Directors of Appirio Ltd UK

Sd/-

Ramesh Phillips
 Director

Place Bengaluru
 Date JUNE 6, 2019

Appirio Ltd UK
Statement of Profit and Loss for the year ended March 31, 2019
(Amount in GBP '000, unless otherwise stated)

| | <u>Notes</u> | <u>For the Year Ended March 31, 2018</u> | <u>For the Year Ended March 31, 2019</u> |
|---|--------------|--|--|
| REVENUE | | | |
| Revenue from rendering of services | 15 | 14,030 | 11,461 |
| Other income | 16 | 4,486 | 762 |
| Total Revenue | | 18,516 | 12,223 |
| EXPENSES | | | |
| Employee benefits expense | 17 | 8,696 | 6,998 |
| Sub-contracting & technical fees | | 4,418 | 3,406 |
| Finance costs | 18 | 385 | 278 |
| Depreciation | 4 | 70 | 52 |
| Travel | | 644 | 670 |
| Facility expenses | | 527 | 487 |
| Legal and professional charges | | 114 | 83 |
| Marketing and brand building | | 353 | 498 |
| Other expenses | 19 | 798 | 63 |
| Total Expenses | | 16,006 | 12,536 |
| Profit / (Loss) before tax | | 2,510 | (313) |
| Tax expense | 22 | | |
| Current tax | | 463 | (224) |
| Deferred tax | | - | - |
| Tax tax expense | | 463 | (224) |
| Profit / (Loss) for the period | | 2,047 | (89) |
| <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 for the period | | 2,047 | (89) |
| Earnings per equity share | 21 | | |
| (Equity shares of par value GBP 1 each) | | | |
| Basic | | 2,047 | (89) |
| Diluted | | 2,047 | (89) |

The accompanying notes form an integral part of these financial statements (Notes 1 to 30)

For and on behalf of the Board of Directors of Appirio Ltd. UK

Sd/-
Ramesh Phillips
 Director

Place Bengaluru
 Date JUNE 6, 2019

Appirio Ltd UK
Statement of Cash Flows for the year ended March 31, 2019
(Amount in GBP '000, unless otherwise stated)

| | For the Year Ended March 31, 2019 | For the Year Ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities: | | |
| Profit / (Loss) for the period | 2,047 | (89) |
| Adjustments: | | |
| Depreciation | 70 | 52 |
| Exchange loss, net | 525 | (717) |
| Income tax expense/(write-back) | 463 | (224) |
| Interest income, net | 385 | 278 |
| Profit of sale of business | (4,486) | - |
| Other non cash items | (7) | - |
| Changes in operating assets and liabilities | | |
| Trade receivables | (632) | (782) |
| Unbilled revenue | 750 | (725) |
| Other assets | (1,242) | 643 |
| Trade payables | 1,344 | 2,223 |
| Accrued expenses, other liabilities and provisions | (95) | (95) |
| Unearned revenue | 162 | 387 |
| Cash used in operating activities before taxes | <u>(715)</u> | <u>950</u> |
| Income taxes refund, net | 37 | - |
| Net cash generated from operating activities | <u>(678)</u> | <u>950</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (65) | (98) |
| Proceeds from sale of property, plant and equipment | 24 | - |
| Cash used in investing activities before taxes | <u>(41)</u> | <u>(98)</u> |
| Net cash used in investing activities | <u>(41)</u> | <u>(98)</u> |
| Cash flows from financing activities: | | |
| (Repayment) of /Proceeds from loans and borrowings | 1,148 | (482) |
| Interest paid on loans and borrowings | (385) | (278) |
| Net cash used in financing activities | <u>763</u> | <u>(760)</u> |
| Net increase in cash and cash equivalents during the period | 44 | 93 |
| Cash and cash equivalents at the beginning of the period | <u>539</u> | <u>446</u> |
| Cash and cash equivalents at the end of the period (Note 6) | <u><u>583</u></u> | <u><u>539</u></u> |

The accompanying notes form an integral part of these financial statements (Notes 1 to 30)

For and on behalf of the Board of Directors of Appirio Ltd. UK

Sd/-
Ramesh Phillips
 Director

Place Bengaluru
 Date JUNE 6 2019

Appirio Ltd UK
Statement of Changes in Equity
(Amount in GBP '000, unless otherwise stated)

A. EQUITY SHARE CAPITAL

| Balance as at April 1, 2018 | Changes during the Period | Balance as at March 31, 2019 |
|-----------------------------|---------------------------|------------------------------|
| 1 | 0 | 1 |

| Balance as at April 1, 2017 | Changes during the Period | Balance as at March 31, 2018 |
|-----------------------------|---------------------------|------------------------------|
| 1 | 0 | 1 |

| | No. of Shares | Share Capital | Retained Earnings | Equity Attributable to Equity Holders of the Company | Total Other Equity |
|---|---------------|---------------|-------------------|--|--------------------|
| Balance as at April 01, 2018 | 1 | 1 | (6,928) | (6,928) | (6,928) |
| Profit/(Loss) for the period | - | - | 2,047 | 2,047 | 2,047 |
| Total comprehensive income for the period | - | - | 2,047 | 2,047 | 2,047 |
| Balance as at March 31, 2019 | 1 | 1 | (4,881) | (4,881) | (4,881) |

| | No. of Shares | Share Capital | Retained Earnings | Equity Attributable to Equity Holders of the Company | Total Other Equity |
|---|---------------|---------------|-------------------|--|--------------------|
| Balance as at April 01, 2017 | 1 | 1 | (6,839) | (6,839) | (6,839) |
| Profit/(Loss) for the period | - | - | (89) | (89) | (89) |
| Total comprehensive income for the period | - | - | (89) | (89) | (89) |
| Balance as at March 31, 2018 | 1 | 1 | (6,928) | (6,928) | (6,928) |

The accompanying notes form an integral part of these financial statements (Notes 1 to 30)

For and on behalf of the Board of Directors of Appirio Ltd. UK

Sd/-
Ramesh Phillips
Director

Date JUNE 6, 2019 Place Bengaluru

APPIRIO LTD. UK
NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(Amount in GBP, unless otherwise stated)

1. The Company overview

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

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

Appirio, Inc. was acquired by Wipro IT Services LLC. with effect from November 23, 2016 after which the entity is part of the Wipro Limited.

During the year ended March 31, 2019, the Company has concluded the Sale of Workday and Cornerstone OnDemand business except in Portugal, France and Sweden.

2. Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

These 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.

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

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 statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

All amounts included in the financial statements are reported in Great Britain Pound (GBP), unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/re-arranged, wherever necessary.

(ii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis.

(iii) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires 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 recognised 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 recognised 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, recognised revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

- b) **Income taxes:** The major tax jurisdictions for the Company is UK. 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 realisable, 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:** 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 history of collections, 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 depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

3. Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in Great Britain Pound (GBP), which is the functional currency of the Company.

(ii) Foreign currency transactions and translation

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

(iii) 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, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial

assets are derecognised 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 derecognised only when the Company has not retained control over the financial asset.

- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.
- Non- derivative financial instruments are recognised initially at fair value.

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

A. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

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 recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

C. Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised 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.

(iv) Equity

a) Share capital and share premium

The authorised share capital of the Company as of March 31, 2019 is 1 Equity shares of GBP 1 per share. 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 of the Company's undistributed earnings after taxes.

c) Dividend

A final dividend, including tax thereon, on equity shares is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

d) Other reserves

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

(v) 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 capitalised 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. Assets acquired under finance lease and leasehold improvements are amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. 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 |
|-----------------------------------|--|
| Leasehold Improvements | Useful life or lease term whichever is lower |
| Computer equipment and software | 2 to 7 years |
| Furniture, fixtures and equipment | 3 to 10 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 capitalised 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 such date are disclosed under capital work- in-progress.

(vi) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, 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 capitalised 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 recognised 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 recognises 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 recognises unearned income as finance income over the lease term using the effective interest method.

(vii) Impairment

A) Financial assets

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 and 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 of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. 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 recognised 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 recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

(viii) Employee benefits

a) Termination benefits

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

b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised 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.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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 recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(ix) Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised 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.

(x) 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 recognises 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 recognised as the related services are rendered.

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognised 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 recognised 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 recognised 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 recognised. 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 recognised 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 recognised 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 recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

b) Products

Revenue from products are recognised 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.

(xi) Finance cost

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, 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 recognised in the statement of profit and loss using the effective interest method.

(xii) Other income

Other income comprises interest income on deposits, dividend income and gains / (losses), net, on disposal of investments. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(xiii) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognised 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 recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period, taxable temporary differences associated with investments in subsidiaries, associates and foreign branches 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 utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised 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 realised simultaneously.

(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.

(xv) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

(xvi) Ind AS 115 – Revenue from Contract with Customers

A. Contract Asset and Liabilities

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. We present such receivables as part of Trade receivables at their net estimated realizable value.

During the year ended March 31, 2019, the Company recognized revenue of GBP 314,979 arising from opening unearned revenue as at April 1, 2018.

During the year ended March 31, 2019, GBP 228,330 of unbilled revenue pertaining to fixed-price development contracts (contract assets) which had an amount of GBP 297,517 as at April 1, 2018, has been reclassified to trade receivables on completion of milestones.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period

B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date which are, contracts invoiced on time and material basis and volume based.

As at March 31, 2019, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was GBP 316,499 of which approximately 94% is expected to be recognized as revenues within 1 year, and the remainder thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by business segment and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

| Particulars | Total |
|--------------------------------------|-------------------|
| Revenue | |
| Sales of services | 14,030,267 |
| Sales of products | - |
| | 14,030,267 |
| Revenue by nature of contract | |
| Fixed price and volume based | 2,015,770 |
| Time and materials | 12,014,497 |
| Products | - |
| | 14,030,267 |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

4. Property, Plant and Equipment

As at March 31, 2019

| Gross Carrying Value: | Building | Plant & Machinery | Office Equipment | Total |
|-----------------------|----------|-------------------|------------------|-------|
| As at April 1, 2018 | - | 137 | 3 | 141 |
| Additions | - | 65 | - | 65 |
| Disposal/Adjustments | - | (42) | - | (42) |
| As at March 31, 2019 | - | 160 | 3 | 164 |

| Accumulated Depreciation/ Impairment | Building | Plant & Machinery | Office Equipment | Total |
|---|----------|-------------------|------------------|-------|
| As at April 1, 2018 | - | (66) | (2) | (68) |
| Depreciation | - | (69) | (1) | (70) |
| Disposal/Adjustments | - | 25 | - | 25 |
| As at March 31, 2019 | - | (110) | (3) | (113) |

| Net Carrying Value | Building | Plant & Machinery | Office Equipment | Total |
|----------------------|----------|-------------------|------------------|-------|
| As at March 31, 2018 | - | 71 | 1 | 73 |
| As at March 31, 2019 | - | 50 | 1 | 51 |

As at March 31, 2018

| Gross Carrying Value | Building | Plant & Machinery | Office Equipment | Total |
|----------------------|----------|-------------------|------------------|-------|
| As at April 1, 2017 | - | 41 | 3 | 44 |
| Additions | - | 96 | - | 96 |
| Disposal/Adjustments | - | - | - | - |
| As at March 31, 2018 | - | 137 | 3 | 141 |

| Accumulated Depreciation/ Impairment | Building | Plant & Machinery | Office Equipment | Total |
|---|----------|-------------------|------------------|-------|
| As at April 1, 2017 | - | (15) | (0) | (16) |
| Depreciation | - | (51) | (1) | (52) |
| Disposal/Adjustments | - | - | - | - |
| As at March 31, 2018 | - | (66) | (2) | (68) |

| Net Carrying Value | Building | Plant & Machinery | Office Equipment | Total |
|----------------------|----------|-------------------|------------------|-------|
| As at March 31, 2017 | - | 26 | 3 | 28 |
| As at March 31, 2018 | (0) | 71 | 1 | 73 |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

5. Trade Receivables

| | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Unsecured: | | |
| Considered good | 1,373 | 913 |
| Considered doubtful | - | - |
| | 1,373 | 913 |
| Inter-Company receivables (Refer Note 24) | 983 | 692 |
| Less: Allowance for expected credit loss | (138) | (18) |
| | 2,219 | 1,587 |

The activity in the allowance for expected credit loss is given below:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Opening Balance | (18) | (62) |
| Less: Deduction during the period (net) | 83 | (45) |
| Add: Additions during the period (net) (Refer note 20) | 203 | - |
| Closing Balance | (138) | (18) |

6. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2019 consists of balances with banks:

| | As at March 31, 2019 | As at March 31, 2018 |
|---------------------|-------------------------|-------------------------|
| Balances with banks | | |
| - Current accounts | 583 | 539 |
| | 583 | 539 |

7. Other Financial Assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---------------------|-------------------------|-------------------------|
| Current | | |
| Other receivables * | 4,800 | - |
| Lease Deposits | 14 | 51 |
| | 4,814 | 51 |

* The amounts relates to receivables from sale of Workday and Cornerstone on demand business. Refer note 16

8. Other Assets

| | As at March 31, 2019 | As at March 31, 2018 |
|------------------|-------------------------|-------------------------|
| Current | | |
| Prepaid Expenses | 1,034 | 596 |
| | 1,034 | 596 |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

9. Share Capital

| | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| I. Authorised Capital | | |
| 1 (March 31, 2018: 1) equity share | 0 | 0 |
| | 0 | 0 |
| II. Issued, subscribed and fully paid-up capital | | |
| 1(March 31, 2018: 1) equity share | 0 | 0 |
| | 0 | 0 |
| (i) Shares held by holding company (Appirio Ltd. - Ireland, the holding company) | | |
| | As at March 31, 2019 | As at March 31, 2018 |
| Number of equity shares of GBP 1 each | 1 | 1 |
| | 1 | 1 |

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

| | March 31, 2019 | | March 31, 2018 | |
|---------------------------------|----------------|--------|----------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| Opening number of equity shares | 1 | 1 | 1 | 1 |
| Equity shares issued | - | - | - | - |
| Closing number of equity shares | 1 | 1 | 1 | 1 |

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

| Name of the Shareholder | 31 March 2019 | | 31 March 2018 | |
|-------------------------|---------------|--------|---------------|--------|
| | No. of shares | % held | No. of shares | % held |
| Appirio Ltd. - Ireland | 1 | 100 | 1 | 100 |
| | 1 | 100 | 1 | 100 |

Rights, preferences and contingencies attached to the equity shares

The company has one class of equity shares having a face value of GBP 1 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 Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

10. Borrowings

A summary of loans and borrowings is as follows:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Current borrowings | | |
| Unsecured | | |
| Borrowings from Parent Co. (refer note 1 below) | 7,900 | 6,752 |
| | <u>7,900</u> | <u>6,752</u> |

⁽¹⁾ The loan carries an average interest rate of 12 month LIBOR +2% p.a. and will reset for each calendar quarter using the LIBOR rate quoted on Bloomberg on the day before the interest period begins.

11. Trade payables

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Trade Payables | 313 | 320 |
| Payable to group companies (Refer note 24) | 3,720 | 2,369 |
| | <u>4,033</u> | <u>2,690</u> |

12. Other Financial Liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|----------------|-------------------------|-------------------------|
| Current | | |
| Salary payable | 297 | 231 |
| Other Payables | 33 | 265 |
| | <u>330</u> | <u>496</u> |

13. Other Liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Current | | |
| Statutory dues payable | 63 | 40 |
| | <u>63</u> | <u>40</u> |

14. Provisions

| | As at March 31, 2019 | As at March 31, 2018 |
|---------------------|-------------------------|-------------------------|
| Current | | |
| Compensated Absence | 184 | 135 |
| | <u>184</u> | <u>135</u> |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

15. Revenue from Operations

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------|------------------------------|------------------------------|
| Rendering of Services | 14,030 | 11,461 |
| | 14,030 | 11,461 |

16. Other Income

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Other Operating Income | 4,486 | - |
| Foreign exchange gains / (losses), net | - | 717 |
| Bad Debt Write-back | - | 45 |
| | 4,486 | 762 |

Sale of Workday and Cornerstone OnDemand business: During the year ended March 31, 2019, the Company has concluded the Sale of Workday and Cornerstone OnDemand business except in Portugal, France and Sweden.

| Particulars | Amount |
|--|--------|
| Cash Consideration | 4,800 |
| Less: Carrying amount of net assets disposed | 315 |
| Gain on Sale | 4,486 |

These disposal groups do not constitute a major component of the Company and hence were not classified as discontinued operations.

17. Employee benefits expense

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------------|------------------------------|------------------------------|
| Salaries and wages | 8,673 | 6,973 |
| Staff welfare expenses | 24 | 25 |
| | 8,696 | 6,998 |

18. Finance costs

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------|------------------------------|------------------------------|
| Interest Expense | 385 | 278 |
| | 385 | 278 |

19. Other expenses

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Foreign exchange gains / (losses), net | 525 | - |
| Allowance for expected credit loss | 203 | - |
| Bad Debt written-off | 6 | - |
| Insurance | 13 | 7 |
| Training & Education | 40 | 55 |
| Other general & administrative expenses | 10 | 2 |
| | 798 | 63 |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

20. 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. Rental payments under such leases during the year are GBP 4,24,661 (during the period ended March 31, 2018: GBP 375,177)

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

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Not Later than 1 Year | 40 | 388 |
| Later than 1 Year and not later than 5 Years | - | 1,554 |
| | <u>40</u> | <u>1,942</u> |

21. 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, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Profit / (Loss) for the Period | 2,047 | (89) |
| Weighted Average Number of Equity Shares Outstanding | 1 | 1 |
| Basic Earnings per Share | 2,047 | (89) |

22. Income Tax Expense

Income tax expense has been allocated as follows:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Current | | |
| In respect of current period | 463 | (224) |
| | <u>463</u> | <u>(224)</u> |
| Total Income Tax Expense Recognised | 463 | (224) |

The reconciliation of estimated income tax expense at United States of America statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------|------------------------------|------------------------------|
| Profit before tax | 2,510 | (313) |
| Statutory income tax rate of UK | 19.00% | 19.00% |
| Expected income tax expense | 477 | (59) |
| Others | (14) | (165) |
| | <u>463</u> | <u>(224)</u> |

Appirio Ltd UK
Notes to the Financial Statements
(Amount in GBP '000, unless otherwise stated)

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 |
|------------------------|-------------------------------|
| Wipro Limited | Ultimate Holding Company |
| Wipro LLC | Fellow Subsidiary |
| Wipro Portugal | Fellow Subsidiary |
| Designit Denmark | Fellow Subsidiary |
| Wipro UK Holding | Fellow Subsidiary |
| Appirio, Inc. | Fellow Subsidiary |
| Appirio Ltd. (Ireland) | Holding Company |

ii) The Company had the following transactions with related parties during the year ended March 31, 2019

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------|------------------------------|------------------------------|
| Wipro Ltd. | | |
| Sales and services | (3,316) | (441) |
| Wipro LLC | | |
| Sales and services | (32) | - |
| Wipro Portugal | | |
| Subcontracting & technical fees | 293 | - |
| Appirio, Inc. | | |
| Sales and services | (2,509) | (1,419) |
| Subcontracting & technical fees | 434 | 1,326 |
| Interest income | (305) | (243) |
| Interest expense | 398 | 288 |
| Appirio Ltd. | | |
| Sales and services | (2,860) | (2,455) |
| Subcontracting & technical fees | 545 | 740 |
| Interest expense | 291 | 233 |
| Designit Denmark | | |
| Sales and services | (418) | (736) |

iii) Balances with related parties as at March 31, 2019 are summarised below

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------|-------------------------|-------------------------|
| Payables: | | |
| Appirio, Inc. | (3,341) | (1,884) |
| Appirio Ltd. | (124) | (485) |
| Wipro Portugal | (255) | - |
| Total | (3,720) | (2,369) |

| | | |
|---------------------|------------|------------|
| Receivables: | | |
| Wipro Ltd. | 776 | 285 |
| Wipro LLC | 32 | - |
| Designit | 11 | 242 |
| Wipro UK Holding | 165 | 165 |
| Total | 983 | 692 |

| | | |
|---------------------------------|----------------|----------------|
| Loan amount outstanding: | | |
| Appirio, Inc. | (2,029) | (756) |
| Appirio Ltd. (Ireland) | (5,871) | (5,996) |
| Total | (7,900) | (6,752) |

24. Commitments and contingencies

Capital commitments: As at March 31, 2019, the company did not have material capital commitments.

Contingencies: As at March 31, 2019, the company did not have material contingencies.

25. Segment reporting

The Company operates in one business segment, namely sale of software services. In line with IND-AS 108, as the relevant information is available from balance sheet and the statement of profit and loss itself, and keeping in view the objective of segment reporting, the Company is not required to disclose segment information as per IND AS -108.

Appirio Ltd UK
Summary of significant accounting policies and other explanatory information
(Amount in GBP '000, unless otherwise stated)

26 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March, 2019 were as follows :

| Particulars | Note | FVTPL | Amortized cost | Total carrying value | Total fair value |
|------------------------------------|------|-------|----------------|----------------------|------------------|
| Financial assets : | | | | | |
| Investments | | | | | - |
| Loan to subsidiaries | | | | | - |
| Trade receivables | 6 | - | 2,219 | 2,219 | 2,219 |
| Cash and cash equivalents | 7 | - | 583 | 583 | 583 |
| Unbilled revenues | | - | 60 | 60 | 60 |
| Other financial assets | 4 | - | 4,814 | 4,814 | 4,814 |
| Total financial assets | | - | 7,676 | 7,676 | 7,676 |
| Financial liabilities : | | | | | |
| Borrowings | 9 | - | 7,900 | 7,900 | 7,900 |
| Trade payables | 11 | - | 4,033 | 4,033 | 4,033 |
| Other financial liabilities | 12 | - | 330 | 330 | 330 |
| Total financial liabilities | | - | 12,263 | 12,263 | 12,263 |

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows :

| Particulars | Note | FVTPL | Amortized cost | Total carrying value | Total fair value |
|------------------------------------|------|-------|----------------|----------------------|------------------|
| Financial assets : | | | | | |
| Trade receivables | 6 | - | 1,587 | 1,587 | 1,587 |
| Cash and cash equivalents | 7 | - | 539 | 539 | 539 |
| Unbilled revenues | | - | 513 | 513 | 513 |
| Other financial assets | 4 | - | 51 | 51 | 51 |
| Total financial assets | | - | 2,689 | 2,689 | 2,689 |
| Financial liabilities : | | | | | |
| Borrowings | 9 | - | 6,752 | 6,752 | 6,752 |
| Trade payables | 11 | - | 2,690 | 2,690 | 2,690 |
| Other financial liabilities | 12 | - | 496 | 496 | 496 |
| Total financial liabilities | | - | 9,938 | 9,938 | 9,938 |

Notes to financial instruments

- i. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has measured investments in equity shares of subsidiaries and joint ventures at the deemed cost. The Company has considered the carrying amount under previous GAAP as the deemed cost.

ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

Appirio Ltd UK
Summary of significant accounting policies and other explanatory information
(Amount in GBP '000, unless otherwise stated)

27 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement |
|-----------------------------|--|-----------------------------|
| Credit risk | Cash and cash equivalent, trade receivables, financial assets measured at amortized cost | Ageing analysis |
| Liquidity risk | Borrowings and other financial liabilities | Rolling cash flow forecasts |
| Market risk – Interest rate | Long-term borrowings at variable rates | Sensitivity analysis |

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortized cost and deposits with banks and financial institutions.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Expected credit loss for trade receivables under simplified approach

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| March 31, 2019 | Less than 1 year | 1 year to 5 years | 5 years and above | Total |
|------------------------|------------------|-------------------|-------------------|---------------|
| Non-derivatives | | | | |
| Borrowings | | 7,900 | - | 7,900 |
| Trade payables | 4,033 | - | - | 4,033 |
| Total | 4,033 | 7,900 | - | 11,933 |
| <hr/> | | | | |
| March 31, 2018 | Less than 1 year | 1 year to 5 years | 5 years and above | Total |
| Non-derivatives | | | | |
| Borrowings | - | 6,752 | - | 6,752 |
| Trade payables | 2,690 | - | - | 2,690 |
| Total | 2,690 | 6,752 | - | 9,442 |

