

# Financial Statements and Independent Auditor's Report

## **Appirio Limited**

31 March 2019

## **Independent Auditor's Report**

### **To the board of directors of Appirio Limited**

#### **Opinion**

1. We have audited the accompanying financial statements of Appirio Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act'), of the state of affairs of the Company as at 31 March 2019, and its profit, its cash flows and the changes in equity for the year ended on that date.
3. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India ('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 ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management for the Financial Statements**

4. The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

6. 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 Standards on Auditing issued by ICAI 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.
7. As part of an audit in accordance with Standards on Auditing issued by ICAI, 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, 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.
  - 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.
8. 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.

**Restriction on distribution or use**

9. This report is intended solely for the information of the Company's and its ultimate holding company's board of directors for their internal use and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sd/-**  
**Nikhil Vaid**  
Partner  
Membership No.: 213356

**Place:** Hyderabad  
**Date:** 16 June 2019

**Appirio Limited**  
**Balance Sheet as at 31 March 2019**

(Amount in EUR, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	13,366	21,904
Financial assets			
Investments	5	25,001	25,009
Deferred tax assets (net)		50,638	-
		<b>89,005</b>	<b>46,913</b>
<b>Current assets</b>			
Financial assets			
Loan to subsidiaries		6,844,378	6,844,378
Trade receivables	6	1,463,994	666,231
Cash and cash equivalents	7	488,749	189,506
Unbilled revenues		508,833	9,837
Other financial assets	8	491,590	45,720
Contract assets		76,022	-
Other current assets	9	52,067	32,021
		<b>9,925,632</b>	<b>7,787,693</b>
		<b>10,014,637</b>	<b>7,834,606</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10	11,154,152	11,154,152
Other equity		(10,855,662)	(11,003,574)
		<b>298,490</b>	<b>150,578</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)		-	4,018
		<b>-</b>	<b>4,018</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	11	6,276,178	5,547,600
Trade payables	12	1,480,257	874,170
Unearned revenues		1,661,390	1,072,534
Current tax liabilities		177,573	84,312
Other current liabilities	13	76,080	75,272
Provisions	14	44,669	26,122
		<b>9,716,147</b>	<b>7,680,010</b>
		<b>10,014,637</b>	<b>7,834,606</b>
Summary of significant accounting policies	2-3		

The accompanying notes form an integral part of these financial statements

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

**Sd/-**  
**Ramesh Phillips**  
 Director

16 June 2019

**Appirio Limited**  
**Statement of Profit and Loss for the year ended 31 March 2019**

(Amount in EUR, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>REVENUE</b>			
Revenue from rendering of services	15	6,462,664	4,017,678
Other income	16	975,897	1,591,163
		<b>7,438,561</b>	<b>5,608,841</b>
<b>EXPENSES</b>			
Employee benefits expense	17	1,609,399	1,557,530
Sub-contracting & technical fees		3,580,356	3,178,720
Finance costs	18	386,986	304,280
Depreciation	4	19,370	15,428
Other expenses	19	1,523,824	383,127
		<b>7,119,935</b>	<b>5,439,085</b>
<b>Profit before tax</b>		<b>318,626</b>	<b>169,756</b>
<b>Tax expense</b>	22		
Current tax		225,369	84,773
Deferred tax		(54,656)	-
<b>Tax expense</b>		<b>170,713</b>	<b>84,773</b>
<b>Profit for the period</b>		<b>147,913</b>	<b>84,983</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income for the period</b>		<b>147,913</b>	<b>84,983</b>
<b>Earnings per equity share</b>	21		
(Equity shares of par value EUR 1 each)			
Basic and diluted		0.001	0.000
Summary of significant accounting policies	2-3		

The accompanying notes form an integral part of these financial statements

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

**Sd/-**  
**Ramesh Phillips**  
 Director

16 June 2019

**Appirio Limited****Cash Flow Statement for the year ended 31 March 2019**

(Amount in EUR, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Adjustments for working capital changes:</b>		
<b>Profit before tax</b>	<b>318,626</b>	<b>169,756</b>
Adjustments:		
Depreciation	19,370	15,428
Exchange (gain)/loss, net	1,109,624	(1,251,466)
Interest income	(423,999)	(339,092)
Interest expense	386,986	304,280
Profit on sale of business line	(551,898)	-
Other non cash items	3,044	-
<b>Operating profit before working capital changes</b>	<b>861,753</b>	<b>(1,101,093)</b>
<b>Adjustments for working capital changes:</b>		
(Increase)/decrease in trade receivables	(797,763)	868,565
(Increase) in unbilled revenue	(575,017)	(9,268)
(Increase)/decrease other assets	(1,023,643)	1,239,353
Increase trade payables	606,087	484,618
Increase / (decrease) accrued expenses, other liabilities and provisions	19,355	(143,949)
Increase/(decrease) unearned revenue	588,856	(81,063)
<b>Net cash generated from operations</b>	<b>(320,372)</b>	<b>1,257,162</b>
Income taxes paid, net	(132,109)	460
<b>Net cash generated by/ (used in) operating activities</b>	<b>(A) (452,481)</b>	<b>1,257,622</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(15,250)	(25,241)
Proceeds from sale of property, plant and equipment	1,374	-
Proceeds from sale of investments	8	1,939
Loan to subsidiaries	-	215,973
Interest received	423,999	339,091
<b>Net cash generated by investing activities</b>	<b>(B) 410,131</b>	<b>531,762</b>
<b>Cash flows from financing activities:</b>		
(Repayment) of /Proceeds from loans and borrowings	728,578	(1,414,094)
Interest paid on loans and borrowings	(386,986)	(304,280)
<b>Net cash generated by / (used in) financing activities</b>	<b>(C) 341,592</b>	<b>(1,718,374)</b>
<b>Net increase in cash and cash equivalents during the period (A+B+C)</b>	<b>299,242</b>	<b>71,010</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	189,506	118,496
<b>Cash and cash equivalents at the end of the period</b>	<b>488,749</b>	<b>189,506</b>

The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors of Appirio Limited

Sd/-

Ramesh Phillips

Director

16 June 2019

## Appirio Limited

### Statement of Changes in Equity for the year ended 31 March 2019

(Amount is EUR unless otherwise stated )

Particulars	Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
Equity share capital of Face value of EUR 1 each	11,154,152	-	11,154,152	-	11,154,152
	<b>11,154,152</b>	<b>-</b>	<b>11,154,152</b>	<b>-</b>	<b>11,154,152</b>

#### Other equity

Particulars	Share Capital	Share Premium	Total equity share capital	Retained Earnings	Total
Balance as at 1 April 2017	1,017,608	10,136,545	11,154,152	(11,088,556)	(11,088,556)
Profit for the period	-	-	-	84,982	84,982
Balance as at 31 March 2018	<b>1,017,608</b>	<b>10,136,545</b>	<b>11,154,152</b>	<b>(11,003,574)</b>	<b>(11,003,574)</b>
Profit for the period	-	-	-	147,912	147,912
Balance as at 31 March 2019	<b>1,017,608</b>	<b>10,136,545</b>	<b>11,154,152</b>	<b>(10,855,662)</b>	<b>(10,855,662)</b>

The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors of Appirio Limited

Sd/-

Ramesh Phillips

Director

16 June 2019



# Appirio Limited

## Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

### 1. The Company overview

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

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

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

### 2. Basis of preparation of financial statements

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

These financial statements are prepared in conformity with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ('the Act').

#### (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 Ireland. 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.

## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

- 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 Euros, 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.

## **Appirio Limited**

### **Summary of significant accounting policies and other explanatory information**

(Amounts are in EUR, unless otherwise stated)

#### 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 at March 31, 2019 is 10,17,608 divided into 17,79,10,147 equity shares, Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as securities premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

##### **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.

## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

#### 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:

<u>Category</u>	<u>Useful life</u>
Buildings	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.

## **Appirio Limited**

### **Summary of significant accounting policies and other explanatory information**

(Amounts are in EUR, unless otherwise stated)

#### **(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 on full liability basis. 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.

## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

#### Provisions(Cont'd)

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.

## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

#### (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, net, on disposal of investments. Interest income is recognised using the effective interest method.

During the year ended 31 March 2019, the Company has concluded the sale of Workday and Cornerstone OnDemand.

Particulars	Total (EUR)
Purchase Consideration	456,903
Less: Carrying amount of net liabilities transferred	(45,903)
Profit on sale of business line	502,806

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

#### (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.

## **Appirio Limited**

### **Summary of significant accounting policies and other explanatory information**

(Amounts are in EUR, unless otherwise stated)

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) Investment in subsidiaries**

Investment in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial statement.

#### **(xvii) 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 EUR 1,072,534 arising from opening unearned revenue as at April 1, 2018.

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 EUR 1,477,701, of which approximately 100% 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.



## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amounts are in EUR, unless otherwise stated)

#### 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.

	<b>Year ended</b> <b>31<sup>st</sup> March 2019</b>
<b>Revenue</b>	
Sales of services	584,854
<b>Revenue by nature of contract</b>	
Time and materials	584,854

#### Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration

The Company has applied Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration prospectively effective April 1, 2018. The effect on adoption of this amendment on the financial statements is insignificant.

#### New accounting standards not yet adopted:

Certain new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 1 2018, and have not been applied in preparing these financial statements. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the Company are:

#### Ind AS 116

On March 30, 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognised assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after January 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2018 and 2019, will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

#### Appendix C to Ind AS 12 - Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is April 1, 2019. The Company will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is insignificant.

## **Appirio Limited**

### **Summary of significant accounting policies and other explanatory information**

(Amounts are in EUR, unless otherwise stated)

#### **Amendment to Ind AS 12 – Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after April 1, 2019. The Company is currently assessing the impact of this amendment on the Company's consolidated financial statements.

#### **Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after April 1, 2019. The Company will apply the amendment from the effective date and the effect on adoption of the amendment on the consolidated financial statement is insignificant

**Appirio Limited**  
**Summary of significant accounting policies and other explanatory information**

(Amount in EUR, unless otherwise stated)

**4. Property, Plant and Equipment**

	Plant and machinery	Office Equipment	Total
<b>Gross block (at cost)</b>			
<b>Balance as at 01 April 2017</b>	<b>13,318</b>	<b>3,038</b>	<b>16,356</b>
Additions	25,610	-	25,610
<b>Balance as at 31 March 2018</b>	<b>38,928</b>	<b>3,038</b>	<b>41,966</b>
Additions	15,250	-	15,250
Disposals/adjustment	(4,830)	-	(4,830)
<b>Balance as at 31 March 2019</b>	<b>49,348</b>	<b>3,038</b>	<b>52,386</b>
<b>Accumulated depreciation</b>			
<b>Balance as at 01 April 2017</b>	<b>(4,266)</b>	<b>(368)</b>	<b>(4,634)</b>
Depreciation charge	(14,324)	(1,104)	(15,428)
<b>Balance as at 31 March 2018</b>	<b>(18,590)</b>	<b>(1,472)</b>	<b>(20,062)</b>
Depreciation charge	(18,273)	(1,097)	(19,370)
Disposals/adjustment	412	-	412
<b>Balance as at 31 March 2019</b>	<b>(36,451)</b>	<b>(2,569)</b>	<b>(39,020)</b>
<b>Net block</b>			
<b>Balance as at 31 March 2018</b>	<b>20,338</b>	<b>1,566</b>	<b>21,904</b>
<b>Balance as at 31 March 2019</b>	<b>12,897</b>	<b>469</b>	<b>13,366</b>

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**Appirio Limited**  
**Summary of significant accounting policies and other explanatory information**

(Amount in EUR, unless otherwise stated)

	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>5 Investments</b>		
Investment in subsidiaries (at cost)	25,001	25,009
	<b>25,001</b>	<b>25,009</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>6 Trade Receivables</b>		
<b>Unsecured:</b>		
Considered good	1,340,216	59,435
Considered doubtful	-	-
	<b>1,340,216</b>	<b>59,435</b>
With Related parties - Considered good ( Refer Note 23)	175,302	606,796
Less: Provision for doubtful receivables	(51,524)	-
	<b>1,463,994</b>	<b>666,231</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>7 Cash and Cash Equivalents</b>		
Balances with banks		
- Current accounts	488,749	189,506
	<b>488,749</b>	<b>189,506</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>8 Other Financial Assets</b>		
<b>Current</b>		
Sale of business	456,870	-
Lease deposits	34,720	45,720
	<b>491,590</b>	<b>45,720</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>9 Other current assets</b>		
<b>Current</b>		
Prepaid expenses	52,067	32,021
	<b>52,067</b>	<b>32,021</b>

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## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>10. Share Capital</b>		
<b>I. Authorised Capital</b>		
50,000,000 Ordinary shares of EUR 0.00002 each	1,000	1,000
8,795,334 B Ordinary shares of EUR 0.00002 each	176	176
21,556,079 C Ordinary shares of EUR 0.00002 each	431,122	431,122
39,105,916 D Ordinary shares of EUR 0.02 each	782	782
32,512,099 Series A Preference shares of EUR 0.01 each	325,121	325,121
25,940,719 Deferred shares of EUR 0.01 each	259,407	259,407
	<b>1,017,608</b>	<b>1,017,608</b>
<b>II. Issued, subscribed and fully paid-up capital</b>		
50,000,000 Ordinary shares of EUR 0.00002 each	1,000	1,000
8,795,334 B Ordinary shares of EUR 0.00002 each	176	176
21,556,079 C Ordinary shares of EUR 0.00002 each	431,122	431,122
39,105,916 D Ordinary shares of EUR 0.02 each	782	782
32,512,099 Series A Preference shares of EUR 0.01 each	325,121	325,121
25,940,719 Deferred shares of EUR 0.01 each	259,407	259,407
	<b>1,017,608</b>	<b>1,017,608</b>

#### a) Reconciliation of the number of shares and amount outstanding at the beginning and as at

Particulars	Opening No. of shares	Shares issued	Closing No. of shares	Amount
50,000,000 Ordinary shares of EUR 0.00002 each	50,000,000	-	50,000,000	1,000
8,795,334 B Ordinary shares of EUR 0.00002 each	8,795,334	-	8,795,334	176
21,556,079 C Ordinary shares of EUR 0.00002 each	21,556,079	-	21,556,079	431,122
39,105,916 D Ordinary shares of EUR 0.02 each	39,105,916	-	39,105,916	782
32,512,099 Series A Preference shares of EUR 0.01 each	32,512,099	-	32,512,099	325,121
25,940,719 Deferred shares of EUR 0.01 each	25,940,719	-	25,940,719	259,407
<b>Total</b>	<b>177,910,147</b>	<b>-</b>	<b>177,910,147</b>	<b>1,017,608</b>

(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
<b>Appirio, Inc.</b>				
- Ordinary shares of EUR 0.00002 each	50,000,000	100	50,000,000	100
- Ordinary shares of EUR 0.00002 each	8,795,334	100	8,795,334	100
- C Ordinary shares of EUR 0.00002 each	21,556,079	100	21,556,079	100
- D Ordinary shares of EUR 0.02 each	39,105,916	100	39,105,916	100
- Series A Preference shares of EUR 0.01 each	32,512,099	100	32,512,099	100
- Deferred shares of EUR 0.01 each	25,940,719	100	25,940,719	100

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

The company has different classes of shares as mentioned above. Each holder of holders are 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.

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## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, unless otherwise stated)

	<u>As at 31 March 2019</u>	<u>As at 31 March 2018</u>
<b>11 Borrowings</b>		
<b>Current</b>		
Unsecured		
Borrowings from related parties* (Refer note 23)	6,276,178	5,547,600
	<u><b>6,276,178</b></u>	<u><b>5,547,600</b></u>

\*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.

	<u>As at 31 March 2019</u>	<u>As at 31 March 2018</u>
<b>12 Trade payables</b>		
Payables to others	41,760	53,747
Payable to group companies ( Refer note 23)	1,438,497	820,423
	<u><b>1,480,257</b></u>	<u><b>874,170</b></u>

	<u>As at 31 March 2019</u>	<u>As at 31 March 2018</u>
<b>13 Other current liabilities</b>		
Statutory dues payable	52,525	56,773
Accrued bonus	23,555	18,499
	<u><b>76,080</b></u>	<u><b>75,272</b></u>

	<u>As at 31 March 2019</u>	<u>As at 31 March 2018</u>
<b>14 Provisions</b>		
<b>Current</b>		
Compensated absences	44,669	26,122
	<u><b>44,669</b></u>	<u><b>26,122</b></u>

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**Appirio Limited**  
**Summary of significant accounting policies and other explanatory information**

(Amount in EUR, unless otherwise stated)

	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
<b>15 Revenue from operations</b>		
Rendering of services	6,462,664	4,017,678
	<b>6,462,664</b>	<b>4,017,678</b>
<b>16 Other Income</b>		
Other operating Income	502,806	-
Foreign exchange gains / (losses), net	-	1,251,466
Interest income	423,999	339,092
Other income	49,092	605
	<b>975,897</b>	<b>1,591,163</b>
<b>17 Employee benefits expense</b>		
Salaries and wages	1,604,715	1,541,679
Staff welfare expenses	4,684	15,851
	<b>1,609,399</b>	<b>1,557,530</b>
<b>18 Finance costs</b>		
Interest expense	386,986	304,280
	<b>386,986</b>	<b>304,280</b>
<b>19 Other expenses</b>		
Foreign exchange gains / (losses), net	1,109,624	-
Allowance for bad debt	60,737	-
Travel expenses	102,382	116,748
Facility expenses	204,708	210,611
Legal and professional charges	31,500	30,673
Marketing and brand building	3,534	3,014
Insurance	5,320	3,118
Recruiting & relocation	1,371	17,222
Other general & administrative expenses	4,647	1,740
	<b>1,523,824</b>	<b>383,127</b>

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## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, 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 EUR 175,660 (during the period ended March 31, 2018: EUR 156,027)

	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>21 Earnings per Equity Share</b>		
Net profit after tax attributable to the equity shareholders	147,913	84,983
Weighted average number of equity shares- basic and dilute	177,910,147	177,910,147
Earnings per share - basic and dilute	0.001	0.000

#### 22 Effective Tax Rate (ETR) reconciliation

	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
Income tax expense in the Statement of Profit and Loss comprises of		
Current tax	225,369	84,773
Deferred tax	(54,656)	-
	<b>170,713</b>	<b>84,773</b>

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as below:

	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Profit before tax</b>	318,626	169,756
Enacted tax rates (%)	12.50%	12.50%
Computed expected tax expense	39,828	21,220
Tax effect due to set-off of unabsorbed brought forward losses from earlier years	-	(21,220)
Passive income taxed at higher rates (25%)	205,360	84,773
Deferred tax impact	(54,656)	-
Prior year taxes	(19,888)	-
Others	70	-
Total tax charge for the year	<b>170,714</b>	<b>84,773</b>

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## Appirio Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, 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
Appirio, Inc.	Holding Company
Wipro Portugal	Fellow Subsidiary
Appirio Ltd. (UK)	Subsidiary
Appirio GmbH	Subsidiary

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Wipro Ltd.</b>		
Sales and services	339,157	41,605
<b>Wipro Portugal</b>		
Subcontracting & technical fees	70,499	-
<b>Appirio, Inc.</b>		
Sales and services	914,820	368,277
Subcontracting & technical fees	156,521	99,898
Interest income	94,292	75,168
Interest expense	386,986	302,391
<b>Appirio Ltd.</b>		
Sales and services	618,964	838,430
Subcontracting & technical fees	3,234,179	2,802,963
Interest income	329,707	263,924
<b>Saaspoint, Inc.</b>		
Interest expense	-	1,889

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Payables to:</b>		
Appirio, Inc.	1,367,998	817,809
Wipro Portugal	70,499	-
Saaspoint, Inc.	-	2,614
<b>Receivables from:</b>		
Wipro Ltd.	31,088	52,641
Appirio Ltd.	144,150	554,116
Appirio GmbH	64	38
<b>Loan amount outstanding:</b>		
Appirio, Inc.	6,276,178	5,501,114
Saaspoint, Inc.	-	46,486
<b>Loan receivables</b>		
Appirio Ltd.	6,844,203	6,844,203
Appirio GmbH	174	174

#### 24 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 Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, unless otherwise stated)

#### 25 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	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Investments	5	-	-	25,001	25,001	25,001
Loan to subsidiaries		-	-	6,844,378	6,844,378	6,844,378
Trade receivables	6	-	-	1,463,994	1,463,994	1,463,994
Cash and cash equivalents	7	-	-	488,749	488,749	488,749
Unbilled revenues		-	-	508,833	508,833	508,833
Other financial assets	8	-	-	491,590	491,590	491,590
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>9,822,544</b>	<b>9,822,544</b>	<b>9,822,544</b>
<b>Financial liabilities :</b>						
Borrowings	11	-	-	6,276,178	6,276,178	6,276,178
Trade payables	12	-	-	1,480,257	1,480,257	1,480,257
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>7,756,435</b>	<b>7,756,435</b>	<b>7,756,435</b>

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

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Investments	5	-	-	25,009	25,009	25,009
Loan to subsidiaries		-	-	6,844,378	6,844,378	6,844,378
Trade receivables	6	-	-	666,231	666,231	666,231
Cash and cash equivalents	7	-	-	189,506	189,506	189,506
Unbilled revenues		-	-	9,837	9,837	9,837
Other financial assets	8	-	-	45,720	45,720	45,720
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>7,780,681</b>	<b>911,294</b>	<b>911,294</b>
<b>Financial liabilities :</b>						
Borrowings	11	-	-	5,547,600	5,547,600	5,547,600
Trade payables	12	-	-	874,170	874,170	874,170
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>6,421,770</b>	<b>6,421,770</b>	<b>6,421,770</b>

##### 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

**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 Limited

### Summary of significant accounting policies and other explanatory information

(Amount in EUR, unless otherwise stated)

#### 26 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
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 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.

31 March 2019	Less than 1 year	1 year to 5 years	5 years and above	Total
<b>Non-derivatives</b>				
Borrowings	-	6,276,178	-	6,276,178
Trade payables	1,480,257	-	-	1,480,257
<b>Total</b>	<b>1,480,257</b>	<b>6,276,178</b>	<b>-</b>	<b>7,756,435</b>
<b>31 March 2018</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>5 years and above</b>	<b>Total</b>
<b>Non-derivatives</b>				
Borrowings	-	5,547,600	-	5,547,600
Trade payables	874,170	-	-	874,170
<b>Total</b>	<b>874,170</b>	<b>5,547,600</b>	<b>-</b>	<b>6,421,770</b>

# Appirio Limited

## Summary of significant accounting policies and other explanatory information

(Amount in EUR, unless otherwise stated)

### 26 Financial risk management (continued)

#### C Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	6,276,178	5,547,600
Fixed rate borrowing	-	-
	<b>6,276,178</b>	<b>5,547,600</b>

#### Interest rate risk

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2019	31 March 2018
Interest rates – increase by 50 basis points (50 bps)	31,381	27,738
Interest rates – decrease by 50 basis points (50 bps)	(31,381)	(27,738)

### 27 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt as below:

- Equity includes equity share capital and all other equity components, which attributable to the equity holders
- Net Debt includes trade payables and other financial liabilities, less cash and cash equivalents.

	Note	As at 31 March 2019	As at 31 March 2018
Borrowings	Financial liabilities	6,276,178	5,547,600
Less: Cash and cash equivalents	Financial assets	488,749	189,506
<b>Net Debt</b>		<b>6,764,927</b>	<b>5,737,106</b>
Equity share capital	Equity	11,154,152	11,154,152
Other equity	Equity	(10,855,662)	(11,003,574)
<b>Total capital</b>		<b>298,490</b>	<b>150,578</b>
<b>Gearing Ratio</b>		22.66	38.10

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

### 28 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between March 31, 2019 and the date of authorization of these standalone financial statements.

### 29 Comparatives

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of Appirio Limited

Sd/-  
Ramesh Phillips  
Director

16 June 2019