

AUDITOR'S REPORT

To The Board of Directors of Appirio Inc.

Report on the Special Purpose Standalone Financial Statements

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

Management's Responsibility for the Special Purpose Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

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

Basis of Accounting

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

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

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

APPIRIO, INC.

STANDALONE FINANCIAL STATEMENT UNDER IND AS

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

APPIRIO, INC.
BALANCE SHEET
(Amount in INR)

	Notes	As at March 31, 2017
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	4	81,066,818
Financial assets		
Investments	5	11,757,840
Loans to subsidiaries		983,944,318
Other financial assets	10	1,980,573
Deferred tax assets		19,832,711
Non-current tax assets		5,999,316
Total non-current assets		<u>1,104,581,576</u>
Current assets		
Financial assets		
Investments	5	63,223,874
Trade receivables	8	1,551,728,574
Cash and cash equivalents	9	1,095,024,099
Unbilled revenues		658,937,855
Other financial assets	10	44,012,437
Current tax assets		102,704,458
Other assets	11	306,264,537
Total current assets		<u>3,821,895,834</u>
TOTAL ASSETS		<u>4,926,477,410</u>
<u>EQUITY</u>		
Equity share capital	12	681
Other equity		1,157,294,061
Total equity		<u>1,157,294,742</u>
<u>LIABILITIES</u>		
Non-current liabilities		
Deferred tax liabilities		54,123,297
Total non-current liabilities		<u>54,123,297</u>
Current liabilities		
Financial liabilities		
Borrowings	13	972,675,000
Trade payables		370,854,235
Other financial liabilities	14	910,300,011
Unearned revenues		832,419,352
Other current liabilities	16	206,947,844
Provisions	15	421,862,929
Total current liabilities		<u>3,715,059,371</u>
TOTAL EQUITY AND LIABILITIES		<u>4,926,477,410</u>

The accompanying notes form an integral part of this financial statement

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

For and on behalf of the Board of Directors

Vikas Bagaria
Partner
Membership No.: 60408

Ashish Chawla
Director

Hiral Chandrana
Director

Place: Bengaluru
Date: June 23, 2017

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

	Notes	For the Period 23-Nov-16 to 31-Mar-17
REVENUE		
Revenue from rendering of services	17	4,685,412,629
Other income	18	26,887,309
Total Revenue		4,712,299,938
EXPENSES		
Employee benefits expense	19	3,526,290,650
Subcontracting & technical fees		696,285,604
Finance costs	20	20,829,100
Depreciation	4	25,876,067
Other expenses	21	511,312,801
Total Expenses		4,780,594,222
Loss before tax		(68,294,284)
Tax expense	24	
Current tax		268,238
Deferred tax		(25,109,954)
Total tax expense		(24,841,716)
Loss for the period		(43,452,568)
<u>Other Comprehensive Income</u>		
Items that will not be reclassified to statement of profit or loss (Net of tax)		
Foreign currency translation reserve		(58,771,874)
Total Other Comprehensive Income for the period, net of tax		(58,771,874)
Total comprehensive income for the period		(102,224,442)
Earnings per equity share		
(Equity shares of par value ₹ 0.01 each)		
Basic	23	(43,453)
Diluted		(43,453)
No of shares		
Basic		1,000
Diluted		1,000

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Ashish Chawla
Director

Hiral Chandrana
Director

Place: Bengaluru
Date: June 23, 2017

APPIRIO, INC.
STATEMENT OF CHANGES IN EQUITY
(Amount in INR, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Balance as at November 23, 2016	Changes during the period	Balance as at March 31, 2017
681	-	681

B. OTHER EQUITY

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Other Equity
Balance as at November 23, 2016	681	1,259,518,503	-	1,259,518,503
Loss for the period	-	(43,452,568)	-	(43,452,568)
Other comprehensive income	-	-	(58,771,874)	(58,771,874)
Total comprehensive income for the period	-	(43,452,568)	(58,771,874)	(102,224,442)
Balance as at March 31, 2017	681	1,216,065,935	(58,771,874)	1,157,294,061

The accompanying notes form an integral part of this financial statement

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Vikas Bagaria
Partner
Membership No.: 60408

Ashish Chawla
Director

Hiral Chaudrana
Director

Place: Bengaluru
Date: June 23, 2017

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

For the Period
23-Nov-16 to 31-Mar-17

Cash flows from operating activities:	
(Loss) for the period.....	(43,452,568)
Adjustments:	
Depreciation.....	25,876,067
Exchange loss, net.....	2,797,346
Income tax expense.....	(24,841,716)
Interest (income)/expenses, net.....	(3,564,291)
Other non cash items.....	421,648
Changes in operating assets and liabilities	
Trade receivables.....	87,150,109
Unbilled revenue.....	108,047,284
Other assets.....	169,121,881
Trade payables.....	144,154,215
Accrued expenses, other liabilities and provisions.....	(135,665,465)
Unearned revenue.....	(64,886,009)
Cash generated from operating activities before taxes.....	265,158,501
Income taxes paid, net.....	(2,115,324)
Net cash generated from operating activities.....	<u>263,043,177</u>
Cash flows from investing activities:	
Purchase of property, plant and equipment.....	(12,587,069)
Net cash used in investing activities.....	<u>(12,587,069)</u>
Cash flows from financing activities:	
Proceeds from loans and borrowings.....	1,005,889,583
Net cash generated in financing activities.....	<u>1,005,889,583</u>
Net increase in cash and cash equivalents during the period.....	1,256,345,691
Effect of exchange rate changes on cash and cash equivalents.....	(31,702,626)
Cash and cash equivalents at the beginning of the period.....	(129,618,966)
Cash and cash equivalents at the end of the period (Note 9).....	<u><u>1,095,024,099</u></u>

The accompanying notes form an integral part of this financial statement

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

For and on behalf of the Board of Directors

Vikas Bagaria
Partner
Membership No.: 60408

Ashish Chawla
Director

Hiral Chandrana
Director

Place: Bengaluru
Date: June 23, 2017

APPIRIO, INC.
NOTES TO THE FINANCIAL STATEMENT
(Amount in INR, unless otherwise stated)

1. The Company overview

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

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

Appirio Inc. has been acquired by Wipro IT Services Inc. with effect from November 23, 2016 and the financial statement is prepared as at and for the period effective November 23, 2016 after which the entity is part of the Wipro Limited.

2. Basis of preparation of financial statement

(i) Statement of compliance and basis of preparation

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

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

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

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

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

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

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

(ii) Basis of measurement

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

(iii) Use of estimates and judgments

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

- a) Revenue recognition:** The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer. Revenue is recognized on net basis in scenario where the company is not the primary obligor.
- b) Income taxes:** The major tax jurisdictions for the Company is the United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.
- c) Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- d) Expected credit losses on financial assets:** On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- e) Useful lives of property, plant and equipment:** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

3. Significant accounting policies

(i) Foreign currency transactions

a) Transactions and balances

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

(ii) Financial instruments

a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

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

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

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

A. Cash and cash equivalents

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

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

B. Other financial assets:

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

C. Trade and other payables

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

(iii) Equity and share capital

a) Equity share capital

The authorized share capital of the Company as of March 31, 2017 is INR 681 divided into 1,000 equity shares of \$ 0.01 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

b) Retained earnings

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

c) Foreign currency translation reserve

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

d) Other reserves

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

(iv) Property, plant and equipment

a) Recognition and measurement

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

b) Depreciation

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

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

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

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

(v) Leases

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

a) Arrangements where the Company is the lessee

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

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

b) Arrangements where the Company is the lessor

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

(vi) Impairment

a) Financial assets (other than at fair value)

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

b) Non-financial assets

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

(vii) Employee benefits

a) Short-term benefits

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

b) Termination benefits

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

c) **Compensated absences**

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

(viii) Provisions

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

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

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

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

(ix) Revenue

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

a) **Services**

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

A. **Time and materials contracts**

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

B. **Fixed-price contracts**

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

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

C. Maintenance contracts

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

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

b) Products

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

(x) Finance costs

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

(xi) Other income

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

(xii) Income tax

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

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

b) **Deferred income tax**

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

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

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

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

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

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

(xiii) Cash flow statement

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

(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. 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) Investment in subsidiaries

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

4. Property, Plant and Equipment

	<u>Building</u>	<u>Plant & Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
Gross Carrying Value:				
As at November 23, 2016.....	25,420,290	47,094,858	21,602,661	94,117,809
Additions.....	4,734,563	11,777,414	-	16,511,977
Disposal/Adjustments.....	-	-	-	-
Translation Adjustment.....	(1,226,569)	(2,272,401)	(1,042,362)	(4,541,332)
As at March 31, 2017.....	<u>28,928,284</u>	<u>56,599,871</u>	<u>20,560,299</u>	<u>106,088,454</u>
Accumulated Depreciation/ Impairment				
As at November 23, 2016.....	-	-	-	-
Depreciation.....	(3,451,963)	(18,561,638)	(3,862,466)	(25,876,067)
Disposal/Adjustments.....	-	-	-	-
Translation Adjustment.....	113,984	612,908	127,539	854,431
As at March 31, 2017.....	<u>(3,337,979)</u>	<u>(17,948,730)</u>	<u>(3,734,927)</u>	<u>(25,021,636)</u>
Net Carrying Value				
As at November 23, 2016.....	25,420,290	47,094,858	21,602,661	94,117,809
As at March 31, 2017.....	25,590,305	38,651,141	16,825,372	81,066,818

5. Investments

Investments consist of the following:

	<u>As at March 31, 2017</u>
Financial instruments at amortised cost -	
Inter corporate and term deposits	<u>63,223,874</u>
	<u>63,223,874</u>
Investment in subsidiaries (at cost)	<u>11,757,840</u>
	<u>11,757,840</u>
Disclosed in the balance sheet as below :	
Non-Current	11,757,840
Current	63,223,874

Aggregate amount of unquoted investments:	
Non-current	11,757,840
Current	63,223,874

⁽¹⁾ Fixed Deposits is held as lien in relation to office space taken on lease and against use of Amex credit card INR 37,285,874 and INR 25,938,000 respectively.

⁽²⁾ The lien carries an interest which is income for the Company.

6. Fair Value Hierarchy

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

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

7. Financial Instruments:

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

a. Financial assets and liabilities

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

	(INR)		
	Fair value through profit & loss	Amortised Cost	Total carrying value
Financial assets:			
Investments	-	63,223,874	63,223,874
Trade receivables	-	1,551,728,574	1,551,728,574
Cash and cash equivalents	-	1,095,024,099	1,095,024,099
Unbilled revenues	-	658,937,855	658,937,855
Other financial assets	-	45,993,010	45,993,010
Loan to subsidiaries	-	983,944,318	983,944,318
Total	-	4,398,851,730	4,398,851,730
Financial liabilities:			
Borrowings	-	972,675,000	972,675,000
Trade payables	-	370,854,235	370,854,235
Other financial liabilities	-	910,300,011	910,300,011
Total	-	2,253,829,246	2,253,829,246

b. Exposure to credit risk

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

c. Liquidity risk

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

d. Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of comprehensive income and equity, where any transaction references more than one currency or where

assets/liabilities are denominated in a currency other than the functional currency of the entity. There is no significant foreign currency risk, that the Company is exposed to.

e. Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company has inter-company payables and receivables, the interest of which is based on the movement in LIBOR. If interest rates were to increase by 100 bps from March 31, 2017, additional net annual interest expense (net) on floating lending rate would approximately amount to INR 3,177,396.

8. Trade Receivables

	<u>As at March 31, 2017</u>
Current	
Secured, considered good	-
Unsecured, considered good	1,488,083,715
Considered doubtful	<u>97,204,227</u>
	1,585,287,942
Less: Allowance for doubtful debts	<u>(33,559,368)</u>
	<u>1,551,728,574</u>

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

	<u>As at March 31, 2017</u>
Balance as on the November 23, 2016	33,980,997
<u>Less: Deduction during the period (net)</u>	<u>421,629</u>
Balance as on March 31, 2017	<u>33,559,368</u>

9. Cash and Cash Equivalents

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

	<u>As at March 31, 2017</u>
Balances with Banks	
- Current accounts	<u>1,095,024,099</u>
	<u>1,095,024,099</u>

10. Other Financial Assets

	<u>As at March 31, 2017</u>
Non-Current	
Security deposits	<u>1,980,573</u>
	<u>1,980,573</u>
	<u>As at March 31, 2017</u>
Current	
Security deposit	<u>44,012,437</u>
	<u>44,012,437</u>

11. Other Assets

	<u>As at March 31, 2017</u>
Current	
Prepaid expenses	196,199,552
Others	110,064,985
	<u>306,264,537</u>

12. Equity Share Capital

	<u>As at March 31, 2017</u>
Authorised Capital	
1,000 equity shares [Par value of \$0.01 per share @68.13]	681
Issued, subscribed and fully paid-up capital	
1,000 equity shares [Par value of \$0.01 per share @68.13]	681

(i) Shares held by holding company (Wipro IT Services Inc., the holding company)

	<u>As at March 31, 2017</u>
Number of equity shares of \$0.01 each	<u>1,000</u>
	<u>1,000</u>

(ii) Reconciliation of number of shares

	<u>As at March 31, 2017</u>	
	<u>No of shares</u>	<u>Amount</u>
Opening number of equity shares	1,000	681
Equity shares issued	-	-
Closing number of equity shares	1,000	681

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

Sl. No.	Name of the Shareholder	<u>As at March 31, 2017</u>	
		<u>No of shares</u>	<u>% held</u>
1	Wipro IT Services Inc.	1,000	100

Rights, preferences and contingencies attached to the equity shares

The company has one class of equity shares having a face value of \$0.01 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets on the Company after distribution of all preferential amounts, in proportion of their shareholding.

13. Borrowings

A summary of loans and borrowings is as follows:

	As at March 31, 2017
Current borrowings	
Unsecured	
Borrowings from Parent Co.	972,675,000
	<u>972,675,000</u>

⁽¹⁾ The Company entered into an arrangement with its holding company Wipro IT Services Inc. obtain a loan during the year ended March 31, 2017. Pursuant to this arrangement, the Company has availed a loan USD 15 million dollars for a period of 12 months repayable in full. The loan carries an average interest rate of 12 month USD 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.

14. Other Financial Liabilities

	As at March 31, 2017
Current	
Salary payable	717,698,199
Accrued Member Payments	111,504,504
Interest accrued but not due	11,172,800
Others Payables	69,924,508
	<u>910,300,011</u>

15. Provisions

	As at March 31, 2017
Current	
Provision for employee benefits	238,846,921
Provision for expenses	138,936,395
Provision for volume discount	44,079,613
	<u>421,862,929</u>

16. Other Current Liabilities

	As at March 31, 2017
Sales tax payable	51,974,411
Accrued bonus taxes	19,404,390
Withholding tax payable	11,832,908
Advances from customers	123,736,135
	<u>206,947,844</u>

17. Revenue

	For the period Nov 23, 2016 to March 31, 2017
Rendering of services	4,685,412,629
	<u>4,685,412,629</u>

18. Other income

	For the period Nov 23, 2016 to March 31, 2017
Interest income	24,239,807
Miscellaneous income	2,647,502
	<u>26,887,309</u>

19. Employee benefits expense

	For the period Nov 23, 2016 to March 31, 2017
Salaries and wages	3,484,956,995
Staff welfare expense	41,333,655
	<u>3,526,290,650</u>

20. Finance costs

	For the period Nov 23, 2016 to March 31, 2017
Interest expense	20,829,100
	<u>20,829,100</u>

21. Other expenses

	For the period Nov 23, 2016 to March 31, 2017
AMC for software & hardware	163,341,487
Travel	145,638,143
Marketing	58,789,764
Legal and professional fees	43,119,481
Staff recruitment expenses	24,536,628
Provision for doubtful debts	14,850,772
Rent	12,582,643
Insurance	10,340,561
Foreign exchange gains / (losses), net	2,797,346
Other general & administrative expenses	35,315,976
	<u>511,312,801</u>

22. Operating Leases

The Company leases office and residential facilities under cancelable and non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases are INR 11,946,054 during the period 23-Nov-16 through 31-Mar-17.

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

	<u>March 31, 2017</u>
Not later than one year	78,446,204
Later than one year and not later than five years	157,441,815
Later than five years	-
Total	<u>235,888,019</u>

23. Earnings per Equity Share

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

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

	<u>March 31, 2017</u>
Loss for the period.....	(43,452,568)
Weighted average number of equity shares outstanding.....	1,000
Basic earnings per share.....	(43,453)

24. Income Tax Expense

Income tax expense has been allocated as follows:

	<u>March 31, 2017</u>
Current	
In respect of current period	<u>268,238</u>
	<u>268,238</u>
Deferred tax	
In respect of current year	<u>(25,109,954)</u>
	<u>(25,109,954)</u>
Total income tax expense recognised	(24,841,716)

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:

	<u>March 31, 2017</u>
Loss before tax	(68,294,284)
Statutory income tax rate of USA	35%
Expected income tax expense	(23,902,999)
Others	(938,717)
	<u>(24,841,716)</u>

25. Related Party Relationships, Transactions and Balances

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

Name of the party	Relationship with the Company
Wipro Ltd.	Ultimate Holding Company
Wipro IT Services Inc.	Holding Company
Appirio Ltd. (UK)	Fellow Subsidiary
Appirio Ltd. (Ireland)	Subsidiary
Appirio India Cloud Solutions Pvt. Ltd.	Fellow Subsidiary
Appirio, K.K	Subsidiary
Appirio Singapore Pte. Ltd.	Subsidiary
Saaspoint, Inc.	Subsidiary

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

Particulars	For the period from Nov 23, 2016 to March 31, 2017
<i>Wipro Ltd.</i>	
Sales and services	(48,054,430)
Subcontracting & technical fees	2,799,793
<i>Wipro IT Services Inc.</i>	
Interest expense	11,070,048
<i>Appirio, K.K</i>	
Interest expense	335,028
Interest income	(5,207,289)
<i>Appirio Singapore Pte. Ltd.</i>	
Interest expense	62,955
Interest income	(438,285)
<i>Appirio India Cloud Solutions Pvt. Ltd.</i>	
Subcontracting & technical fees	273,165,411
<i>Appirio Ltd. (Ireland)</i>	
Sales and services	(3,431,358)
Subcontracting & technical fees	7,421,722
Interest expense	1,928,243
Interest income	(8,550,610)

<i>Appirio Ltd. (UK)</i>	
Sales and services	(21,935,836)
Subcontracting & technical fees	41,063,430
Interest expense	7,432,826
Interest income	(9,442,609)
<i>Saaspoint, Inc.</i>	
Interest income	(9,907)

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

Name of the party	As at March 31, 2017
<i>Payables:</i>	
Wipro IT Services Inc.	(6,556,630)
Appirio India Cloud Solutions Pvt. Ltd.	(78,907,145)
<i>Receivables:</i>	
Wipro Ltd.	45,381,420
Appirio, K.K	10,575,812
TopCoder, Inc.	62,200,786
Appirio Singapore Pte. Ltd.	359,205
Appirio Ltd. (Ireland)	25,047,176
Appirio Ltd. (UK)	929,310
Saaspoint, Inc.	9,580
<i>Loans receivable:</i>	
Appirio, K.K	354,667,060
Appirio Singapore Pte. Ltd.	26,741,254
Appirio Ltd. (Ireland)	463,949,181
Appirio Ltd. (UK)	137,873,528
Saaspoint, Inc.	713,295
<i>Loan amount outstanding:</i>	
Wipro IT Services Inc.	(972,675,000)

26. Commitments and contingencies

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

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

27. Details of non-current investments

Particulars	As at March 31, 2017	As at March 31, 2017
	No. of Shares	Amount
Appirio Ltd. (Ireland)		4,885,037
- A Ordinary Shares	50,000,000	
- B Ordinary Shares	8,795,334	
- C Ordinary Shares	21,556,079	
- D Ordinary Shares	39,105,916	
- A Preference Shares	32,512,099	
- Deferred Shares	25,940,719	
Appirio, K.K	901	6,867,502
TopCoder, Inc.	1	68
Appirio Singapore Pte. Ltd.	100	5,233
Total investments in equity instruments		11,757,840

