

# B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
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## Independent Auditor's Report

To the Members of Appirio India Cloud Solutions Private Limited

### Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Appirio India Cloud Solutions Private Limited ("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 year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other matters**

The comparative financial information of the Company for the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2015 dated 21 July 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditors' Report) Order, 2016 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (ii) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - e) On the basis of written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - refer note 32 to the Ind AS financial statements.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm registration number: 116321W/W100024



**Girish Arora**

*Partner*

Membership number: 098652

Place: Gurgaon

Date: 26 May 2017

**Appirio India Cloud Solutions Private Limited**

**Annexure A to the Independent Auditor's Report**

The annexure referred to in paragraph (i) in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification during the current year.
- (c) According to the information and explanations given to us and on the basis of our examinations of the records of the Company, the Company does not have any immovable property. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is a service company, primarily rendering software development and support services to its parent company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not given any loans, or made any investments, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits covered under section 73 to 76 of the Companies Act, 2013.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Service tax, Duty of customs, Cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in few cases of Service tax.

As explained to us, the Company did not have any dues on account of Employees' State Insurance, Sales tax, Value added tax and Duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service tax, Duty of customs, Cess and any other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



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- (b) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Duty of customs, Duty of Excise or Cess which have not been deposited by the Company with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any loans or borrowings from financial institution, bank, government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud on the Company or on the Company by its officers and employees has been noticed or reported during the year.
- (xi) Till 21 November 2016, the Company was a private limited company under the definition of the Companies Act, 2013, therefore the provision of section 197 read with Schedule V of this Act was not applicable to the Company.

According to the information and explanations given to us and on basis of our examination of records of the Company, no managerial remuneration is paid by the Company after becoming public limited company pursuant to its acquisition with effect from 22 November 2016 as explained in note 1 of the Ind AS financial statements.

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



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- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration No: 116231W/W-100024



**Girish Arora**

*Partner*

Membership Number: 098652

Place: Gurgaon

Date: 26 May 2017



B S R & Associates LLP

**Appirio India Cloud Solutions Private Limited**

**Annexure B to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of Appirio India Cloud Solutions Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

*for B S R & Associates LLP*  
*Chartered Accountants*  
Firm Registration No: 116231W/W-100024



**Girish Arora**  
*Partner*

Membership Number: 098652

Place: Gurgaon  
Date: 26 May 2017



**Appirio India Cloud Solutions Private Limited**  
**Balance Sheet as at 31 March 2017**  
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	104,182,465	125,323,463	70,250,529
Capital work-in-progress	3	-	-	497,724
Other intangible assets	4	1,423,952	589,973	385,873
Financial assets				
Unbilled revenues		-	-	5,712,593
Other financial assets	5	8,236,510	7,628,250	7,070,045
Deferred tax assets	6	61,942,663	35,402,804	15,054,414
Other non-current assets	7	4,719,941	5,514,361	6,325,270
<b>Total non-current assets</b>		<b>180,505,531</b>	<b>174,458,851</b>	<b>105,296,448</b>
<b>Current assets</b>				
Financial assets				
Trade receivables	8	136,126,433	-	-
Cash and cash equivalents	9	88,109,997	2,213,793	15,581,065
Unbilled revenues		-	70,287,064	-
Other financial assets	5	2,066,256	51,988	379,951
Other current assets	7	4,507,099	8,133,930	9,126,865
<b>Total current assets</b>		<b>230,809,785</b>	<b>80,686,775</b>	<b>25,087,881</b>
<b>Total assets</b>		<b>411,315,316</b>	<b>255,145,626</b>	<b>130,384,329</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	10	8,000,000	8,000,000	8,000,000
Other equity				
Retained earnings		266,351,828	158,528,904	76,053,006
Other comprehensive income		(5,013,211)	(3,102,964)	(786,068)
<b>Total equity</b>		<b>269,338,617</b>	<b>163,425,940</b>	<b>83,266,938</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Other financial liabilities	14	1,847,613	-	-
Provisions	11	31,148,784	18,174,319	2,115,258
Other non-current liabilities	12	10,984,250	9,169,855	5,981,625
<b>Total non-current liabilities</b>		<b>43,980,647</b>	<b>27,344,174</b>	<b>8,096,883</b>
<b>Current liabilities</b>				
Financial liabilities				
Trade payables	13	63,610,734	28,052,800	18,183,057
Other financial liabilities	14	20,818,141	15,045,099	6,452,500
Provisions	11	5,438,318	2,311,163	5,702,215
Income tax liabilities (net)	6	-	325,846	476,759
Other current liabilities	12	8,128,859	18,640,604	8,205,977
<b>Total current liabilities</b>		<b>97,996,052</b>	<b>64,375,512</b>	<b>39,020,508</b>
<b>Total equity and liabilities</b>		<b>411,315,316</b>	<b>255,145,626</b>	<b>130,384,329</b>
Significant accounting policies	2			
Notes to the financial statements	3 to 34			

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W100024

for and on behalf of the Board of Directors of  
**Appirio India Cloud Solutions Private Limited**

sd/-  
**Girish Arora**  
Partner  
Membership No. 098652

sd/-  
**Navneet Prakash Khandelwal**  
Director  
DIN: 05273477

sd/-  
**Krishnan Subramaniam**  
Director  
DIN: 03484801

Place: Gurgaon  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

**Appirio India Cloud Solutions Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2017**  
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	15	697,403,181	522,339,740
Other income	16	3,447,336	1,028,954
<b>Total income</b>		<b>700,850,517</b>	<b>523,368,694</b>
<b>Expenses</b>			
Employee benefits expense	17	439,843,348	329,869,556
Depreciation and amortisation expense	18	45,672,055	24,491,370
Other expenses	19	112,626,267	90,541,324
<b>Total expenses</b>		<b>598,141,670</b>	<b>444,902,250</b>
<b>Profit before tax</b>		<b>102,708,847</b>	<b>78,466,444</b>
Current tax		(20,898,447)	(15,551,846)
Current tax for earlier years		-	(259,650)
Deferred tax benefit		25,901,648	17,802,928
Deferred tax benefit for earlier years		110,876	2,018,022
<b>Income tax expense</b>	6	<b>5,114,077</b>	<b>4,009,454</b>
<b>Profit for the year</b>		<b>107,822,924</b>	<b>82,475,898</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to subsequently to profit or loss</b>			
Remeasurement of the defined benefit liability		(2,437,583)	(2,844,398)
Income tax relating to items that will not be reclassified to profit or loss		527,336	527,502
<b>Total other comprehensive income, net of income tax</b>		<b>(1,910,247)</b>	<b>(2,316,896)</b>
<b>Total comprehensive income for the year</b>		<b>105,912,677</b>	<b>80,159,002</b>
<b>Basic Earning per equity share [nominal value of share Rs. 10 (previous year Rs. 10)]</b>	21	<b>134.78</b>	<b>103.09</b>
Significant accounting policies	2		
Notes to the financial statements	3 to 34		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W100024

for and on behalf of the Board of Directors of  
**Appirio India Cloud Solutions Private Limited**

sd/-  
**Girish Arora**  
Partner  
Membership No. 098652

sd/-  
**Navneet Prakash Khandelwal**  
Director  
DIN: 05273477

sd/-  
**Krishnan Subramaniam**  
Director  
DIN: 03484801

Place: Gurgaon  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

**Appirio India Cloud Solutions Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2017**  
(All amounts are in Indian Rupees, unless otherwise stated)

	Equity share capital		Other equity		Total equity
	Shares	Share capital	Reserves and surplus Retained Earnings	Other comprehensive income Remeasurement of defined benefit liability	
<b>Balance at 1 April 2015</b>	800,000	8,000,000	76,053,006	(786,068)	83,266,938
<b>Total comprehensive income for the year ended 31 March</b>					
Profit or loss	-	-	82,475,898	-	82,475,898
Other comprehensive income (net of taxes)	-	-	-	(2,316,896)	(2,316,896)
<b>Balance at 31 March 16</b>	<b>800,000</b>	<b>8,000,000</b>	<b>158,528,904</b>	<b>(3,102,964)</b>	<b>163,425,940</b>
Adjustment in opening reserves	-	-	-	-	-
Profit or loss	-	-	107,822,924	-	107,822,924
Other comprehensive income (net of taxes)	-	-	-	(1,910,247)	(1,910,247)
<b>Balance at 31 March 17</b>	<b>800,000</b>	<b>8,000,000</b>	<b>266,351,828</b>	<b>(5,013,211)</b>	<b>269,338,617</b>
Significant accounting policies	2				
Notes to the financial statements	3 to 34				

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W100024

for and on behalf of the Board of Directors of  
**Appirio India Cloud Solutions Private Limited**

sd/-  
**Girish Arora**  
Partner  
Membership No. 098652

sd/-  
**Navneet Prakash Khandelwal**  
Director  
DIN: 05273477

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**Krishnan Subramaniam**  
Director  
DIN: 03484801

Place: Gurgaon  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

**Appirio India Cloud Solutions Private Limited**  
**Cash flow statement for the year ended 31 March 2017**  
(All amounts are in Indian Rupees, unless otherwise stated)

	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
<b>Cash flow from operating activities</b>		
Profit before tax	102,708,847	78,466,444
Adjustments for:		
Depreciation and amortisation expense	45,672,055	24,491,370
Remeasurement of the defined benefit liability	(2,437,583)	(2,844,398)
Unwinding of discount on security deposits	(608,260)	(563,205)
Operating profit before working capital changes	<u>145,335,059</u>	<u>99,550,211</u>
<b>Movement in working capital</b>		
Increase in other financial assets, unbilled revenues and trade receivables	(67,853,638)	(64,241,508)
Decrease/ (increase) in non-current and current assets	4,421,251	1,803,845
Increase in provisions	16,101,620	12,668,009
Decrease/ (increase) in non-current and current liabilities	(8,697,351)	13,622,857
Increase in financial liabilities	43,178,589	14,627,834
<b>Cash generated from operations</b>	<u>132,485,530</u>	<u>78,031,248</u>
Less: Income taxes paid	(21,224,289)	(15,962,348)
<b>Net cash flow from operating activities</b>	<u>111,261,241</u>	<u>62,068,900</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(25,365,037)	(75,436,172)
<b>Net cash used in investing activities</b>	<u>(25,365,037)</u>	<u>(75,436,172)</u>
Net increase in cash and cash equivalents	85,896,204	(13,367,272)
Cash and cash equivalents at the beginning of the year	2,213,793	15,581,065
<b>Cash and cash equivalents at the end of the year</b>	<u>88,109,997</u>	<u>2,213,793</u>
<b>Notes to the cash flow statement :</b>		
<b>Components of cash and cash equivalents</b>		
Balances with banks:		
In current accounts	88,109,997	2,174,492
Cash in hand	-	39,301
<b>Total cash and cash equivalent</b>	<u>88,109,997</u>	<u>2,213,793</u>
Significant accounting policies	2	
Notes to the financial statements	3 to 34	

As per our report of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W100024

for and on behalf of the Board of Directors of  
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sd/-  
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DIN: 03484801

Place: Gurgaon  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017**  
(All amounts are in Indian Rupees, unless otherwise stated)

**1. Background information**

Appirio India Cloud Solutions Private Limited ("the Company") is incorporated on 5 April 2013. The Company is engaged in the business of developing, improving, integrating, designing, repairing, testing, debugging and maintaining of cloud applications in the information technology sector in India.

The Company was a subsidiary of Appirio Inc., United States. On 10 November 2016 an agreement is entered by and amongst the shareholders of the Company and Wipro Limited whereby the US and Indian business along with respective legal entities were acquired by Wipro Limited. Consequent to the agreement with the shareholders, the Company is acquired by Wipro Limited on 22 November 2016 by acquisition of 100% of shares. Indian Accounting Standard ('Ind AS') is applicable to the Company with transition date as 1 April 2015.

**2. Significant accounting policies**

**(a) Basis of preparation**

Ministry of Corporate Affairs notified roadmap to implement Ind AS notified under Companies (India Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standard) (Amendment) Rules, 2016. Pursuant to the acquisition by Wipro Limited, the Company is required to apply Ind AS starting from financial year beginning on or after 1 April 2016, as per the above roadmap. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP (also referred as "Previous GAAP"), including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The preparation of financial statements starting from financial year beginning on or after 1 April 2016, resulted in changes to the Company's accounting policies as compared to the most recent annual financial statements prepared under Previous GAAP. Accounting policies have been applied consistently to all periods presented in the financial statements including the preparation of the (Ind AS) opening statement of financial position as at 1 April 2015 ('Transition date') for the purpose of transition to (Ind AS) and as required by Ind AS 101. These financial statements for the year ended 31 March 2017 are the first set of financial statements that the Company has prepared in accordance with Ind AS. Refer to note 34 for information on how the Company have adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- 1) certain financial assets measured at fair value (refer accounting policy regarding financial instruments);  
and
- 2) share based payments.

The financial statements are prepared in Indian rupees ('Rs.') which is also the Company's functional currency.



**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**(b) Use of estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and judgment that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Significant estimates and judgments are used for, but not limited to, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, and other contingencies and commitments.

The area involving significant estimates and judgments are:

- Recognition of deferred tax assets, estimation of current tax expenses and payable – refer note 6
- Estimation for valuation of share-based compensation– refer note 31
- Estimation for measurement of defined benefit obligations and key actuarial assumptions– refer note 22
- Estimation of useful lives of property, plant and equipment and intangible assets– refer note 3 and note 4

Estimates and judgments are continually evaluated. They are based on the historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believe to be reasonable under the circumstances. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

**(c) Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is expected to be realised within 12 months after the reporting date; or
- 4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**Liabilities**

A Liability is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be settled in the company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is due to be settled within 12 months after the reporting date; or
- 4) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

**(d) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

***Subsequent expenditure***

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-today repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

***Transition to Ind AS***

On transition to Ind AS, the Company have elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

***Depreciation methods, estimated useful lives and change in estimates***

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year/period.

The estimated useful lives of items of property, plant and equipment are as follows:

<b>Category of Assets</b>	<b>Estimated useful life (in years)</b>
Computers, servers and networking equipment	2
Office equipment	5
Furniture and fixtures	5
Electrical Installation	7
Air Conditioner Plant	10
Air conditioners	5
Leasehold improvements	10 Years or period of lease, whichever is lower

Based on technical assessment performed by management, the Company have reassessed the estimated useful lives of certain property, plant and equipment during the current year. Such estimated useful lives are different from the estimated useful life used in previous financial year and also different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

The revised the estimated useful lives during the current year and estimated useful life used in previous financial year is as follows:

<b>Category of Assets</b>	<b>Revised estimated useful life (in years)</b>	<b>Previous estimated useful life (in years)</b>
Computers, servers and networking equipment	2	3-6
Furniture and fixtures	5	10

The change of the above estimate is applied during the current year.

Assets costing less than Rs. 5,000 are depreciated over the life of one year irrespective of the categories to which it relates and such treatment did not have any material impact on financial statements of the Company for the current year.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets acquired under finance leases are depreciated over the shorter of the lease term or their useful lives on straight line basis (not being greater than the useful life envisaged in Schedule II to the Companies Act, 2013) unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate

**(e) Intangible assets**

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

***Subsequent expenditure***

Subsequent expenditure related to an item of intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses are charged to the statement of profit and loss for the period during which such expenses are incurred.

***Transition to Ind AS***

On transition to Ind AS, the Company have elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

***Amortisation, estimated useful lives and change in estimates***

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Based on technical assessment performed by management, the Company have reassessed the estimated useful lives of computer software during the current year. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

The revised the estimated useful lives during the current year and estimated useful life used in previous financial year is as follows:

<b>Category of Assets</b>	<b>Revised estimated useful life (in years)</b>	<b>Previous estimated useful life (in years)</b>
Computer software	2	5

The change of the above estimate is applied during the current year.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

***Research and development costs***

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**(f) Share based payments**

Appirio Inc. adopted a stock option plan (“plan”) on 19<sup>th</sup> February 2007. All employee of Appirio Global entities which included Appirio India, were covered under the plan and all the employees were eligible to earn stock options and exercise them as per the terms of Stock Option Plan 2007.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model in accordance with Ind AS 102. That cost is recognised, together with a corresponding increase in amount payable to holding company, over the period in which the terms and conditions of the plan are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. In the event of a change in control each outstanding Option shall be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation in change in control refuses to assume or substitute for the option then the optionee shall fully vest on an accelerated basis and option holders have the right to exercise the option as to all of the optioned stock, including shares as to which it would not otherwise be vested or exercisable.

**(g) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the Statement of Profit and Loss over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for lessor’s expected inflationary cost increases.



**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
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***Transition to Ind AS***

Under the Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

**(h) Impairment of tangible and intangible assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**(i) Revenue recognition**

***Income from services***

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. Service revenue is recognised on a "cost plus" basis as related services are performed in accordance with the terms and conditions of the agreements executed with the customer.

Advances received for services are reported as advance from customer until all conditions for revenue recognition are met.

**(j) Employee benefits**

**Short-term employee benefits**

All employee benefits including non-monetary benefits, payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service. The obligation against such benefits are presented as current liabilities in the balance sheet.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
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**Post-employment benefits**

*Provident fund (Defined contribution plans)*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company pays provident fund contribution to Government administered provident funds as per the local regulations. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

*Gratuity (Defined benefit plans)*

The Company offers gratuity to its employees which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary and the tenure of employment with the Company. Liabilities with regard to gratuity plan are determined by actuarial valuation, carried out at the year-end by an independent actuary using the projected unit credit method. The gratuity plan is not funded.

The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating the terms of related obligations.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit or loss in subsequent periods.

**Other long term benefits**

*Compensated Absences*

As per the Company's policy eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company accounts for the liability for compensated absences payable in future based on an independent actuarial valuation carried out at the year-end using the projected unit credit method. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The obligation are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**(k) Income taxes**

Income tax comprises current and deferred tax and is recognised in the Statement of Profit and Loss or to an item recognised directly in equity or in the other comprehensive income.

**Current Tax**

Current Income taxes are accrued in the same period that the related revenue and expense arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against income tax liability, is recognised as an asset in the balance sheet if there is a convincing evidence that the Company will pay normal tax after tax holiday period and the resultant asset can be measured reliably. The Company offsets, on year-on-year basis, the current tax assets and liabilities, where it has legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

As the Company is entitled to a tax holiday under the Income-Tax Act, 1961 enacted in India, thus for such period no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(l) Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
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**(m) 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(n) Financial instruments**

**Recognition and initial measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**Classification and subsequent measurement**

*Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost or at FVTPL. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income recognised in profit or loss.

The Company doesn't foresee any impairment loss on the financial assets and credit risk exposure based on the nature of transactions and its past history.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

**Derecognition**

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

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

**(o) Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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



**Appirio India Cloud Solutions Private Limited**

**Notes to financial statements for the year ended 31 March 2017 (continued)**

(All amounts are in Indian Rupees, unless otherwise stated)

**(p) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, which are not subject to risk of changes in value. Also for the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand.

**(q) Earnings per share**

Basic earnings per share is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**3. Property, plant and equipment and capital work-in-progress**

See accounting policies in Note 2 (d)

**A. Reconciliation of carrying amount**

Particulars	Plant and machinery	Leasehold improvements	Furniture and fixtures	Office equipments	Computer, servers and networking equipments or computer	Total (A)	Capital work in progress (B)	Total (A+B)
<b>Gross Block</b>								
<b>Balance at 1 April 2015</b>	-	34,973,925	14,259,109	4,423,486	30,977,732	84,634,252	497,724	85,131,976
Additions	-	40,010,829	15,313,396	9,778,848	13,745,490	78,848,563	-	78,848,563
Transfer		497,724	-	-	-	497,724	(497,724)	-
<b>Balance at 31 March 2016</b>	-	<b>75,482,478</b>	<b>29,572,505</b>	<b>14,202,334</b>	<b>44,723,222</b>	<b>163,980,539</b>	-	<b>163,980,539</b>
Reclassification	32,143,317	(31,572,278)	-	(4,899,523)	4,328,484	-	-	-
Additions	306,000	-	120,400	448,983	22,923,774	23,799,157	-	23,799,157
<b>Balance at 31 March 2017</b>	<b>32,449,317</b>	<b>43,910,200</b>	<b>29,692,905</b>	<b>9,751,794</b>	<b>71,975,480</b>	<b>187,779,696</b>	-	<b>187,779,696</b>
<b>Accumulated depreciation</b>								
<b>Balance at 1 April 2015</b>	-	3,350,969	1,516,583	915,808	8,600,363	14,383,723	-	14,383,723
Depreciation for the year	-	7,441,507	2,709,464	1,583,376	12,539,006	24,273,353	-	24,273,353
<b>Balance at 31 March 2016</b>	-	<b>10,792,476</b>	<b>4,226,047</b>	<b>2,499,184</b>	<b>21,139,369</b>	<b>38,657,076</b>	-	<b>38,657,076</b>
Reclassification	4,833,295	(4,624,855)	-	(635,492)	427,052	-	-	-
Depreciation for the year	5,817,570	4,603,528	4,962,320	2,004,393	27,552,344	44,940,155	-	44,940,155
<b>Balance at 31 March 2017</b>	<b>10,650,865</b>	<b>10,771,149</b>	<b>9,188,367</b>	<b>3,868,085</b>	<b>49,118,765</b>	<b>83,597,231</b>	-	<b>83,597,231</b>
<b>Carrying amounts (net)</b>								
At 1 April 2015	-	31,622,956	12,742,526	3,507,678	22,377,369	70,250,529	497,724	70,748,253
<b>At 31 March 2016/ 1 April 2016</b>	-	<b>64,690,002</b>	<b>25,346,458</b>	<b>11,703,150</b>	<b>23,583,853</b>	<b>125,323,463</b>	-	<b>125,323,463</b>
<b>At 31 March 2017</b>	<b>21,798,452</b>	<b>33,139,051</b>	<b>20,504,538</b>	<b>5,883,709</b>	<b>22,856,715</b>	<b>104,182,465</b>	-	<b>104,182,465</b>

**B. Capital work-in-progress**

During the year ended 31 March 2015 the Company has a capital work-in-progress pertaining to the consultancy charges paid to architect for leased premises amounting to Rs. 497,724. During the year ended 31 March 2016 the same has been capitalised to leasehold improvements.

**C. Change in estimates**

Based on technical assessment performed by management, the Company have reassessed the estimated useful lives of certain property, plant and equipment during the current year. Such estimated useful lives are different from the estimated useful life used in previous financial year and also different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The revised the estimated useful lives during the current year and estimated useful life used in previous financial year is as follows:

Category of Assets	Revised estimated useful life (in years)	Previous estimated useful life (in years)
Computer, servers and networking equipment	2	3-6
Furniture and fixtures	5	10

Assets costing less than Rs. 5,000 are depreciated over the life of 1 year irrespective of the categories of assets to it relates and such treatment did not have any material impact on financial statements of the Company for the current year. The change of the above estimate is applied during the current year.

**D. Reclassification of assets**

During the year the Company has reclassified certain assets to different class of assets to conform correct classifications. The following table shows the amounts reported in the financial statement as at 31 March 2016 and revised amounts if reclassification of assets have had been as at 31 March 2016.

Particulars	Plant and machinery	Leasehold improvements	Furniture and fixtures	Office equipments	Computer, servers and networking equipments or computer equipments	Total
Gross block as per audited financial statement at 31 March 2016	-	75,482,478	29,572,505	14,202,334	44,723,222	<b>163,980,539</b>
Gross block as per revised grouping of 31 March 2016	32,143,317	43,910,199	29,572,506	9,302,812	49,051,706	<b>163,980,540</b>
Gross value of assets reclassified from	-	(32,943,424)	-	(5,699,630)	-	<b>(38,643,054)</b>
Gross value of assets reclassified to	32,143,317	1,371,146	-	800,108	4,328,484	<b>38,643,054</b>
Accumulated depreciation of assets reclassified from	-	(4,918,308)	-	(720,504)	-	<b>(5,638,811)</b>
Accumulated depreciation of assets reclassified to	4,833,295	293,450	-	85,013	427,053	<b>5,638,811</b>

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**4. Intangible assets**

See accounting policies in Note 2 (e)

**A. Reconciliation of carrying amount**

Particulars	Computer software
<b>Gross Block</b>	
Balance at 1 April 2015	483,678
Additions	422,117
<b>Balance at 31 March 2016</b>	<b>905,795</b>
Additions	1,565,880
<b>Balance at 31 March 2017</b>	<b>2,471,675</b>
<b>Accumulated amortisation</b>	
Balance at 1 April 2015	97,805
Amortisation for the year	218,017
<b>Balance at 31 March 2016</b>	<b>315,822</b>
Amortisation for the year	731,901
<b>Balance at 31 March 2017</b>	<b>1,047,723</b>
<b>Carrying amount (net)</b>	
At 1 April 2015	385,873
<b>At 31 March 2016/ 1 April 2016</b>	<b>589,973</b>
<b>At 31 March 2017</b>	<b>1,423,952</b>

**B. Change in estimates**

Based on technical assessment performed by management, the Company have reassessed the estimated useful lives of computer software during the current year. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The revised the estimated useful lives during the current year and estimated useful life used in previous financial year is as follows:

Category of Assets	Revised estimated useful life (in years)	Previous estimated useful life (in years)
Computer software	2	5

The change of the above estimate is applied during the current year

**5. Other financial assets**

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current</b>			
Unsecured, considered good			
Security deposit *	8,236,510	7,628,250	7,070,045
	<b>8,236,510</b>	<b>7,628,250</b>	<b>7,070,045</b>
<b>Current</b>			
Recoverable from employees	75,422	51,988	379,951
Deposit for new facility	1,990,834	-	-
	<b>2,066,256</b>	<b>51,988</b>	<b>379,951</b>
<b>Total financial assets</b>	<b>10,302,766</b>	<b>7,680,238</b>	<b>7,449,996</b>

\* Carried at amortised cost

**6. Income tax expense**

See accounting policies in Note 2 (k)

Pursuant to section 10AA of the Income tax Act 1961, the Company is availing tax exemption of hundred percent of profits and gains derived from the export for the five consecutive financial years starting from financial year 2014-15 and fifty percent of profits and gains derived from the export for the next five consecutive financial years starting from financial year 2018-19.

**A. Amount recognised in profit or loss**

Particulars	For the Year ended	
	31 March 2017	31 March 2016
Current tax	(20,898,447)	(15,551,846)
Provision for tax for earlier years	-	(259,650)
MAT credit entitlement	20,640,147	15,407,929
MAT credit entitlement for earlier years	110,876	259,650
<b>Total current tax (A)</b>	<b>(147,424)</b>	<b>(143,917)</b>
<b>Deferred tax</b>		
Attributable to:		
Original and reversal of temporary differences	5,261,501	4,153,372
<b>Total deferred tax (B)</b>	<b>5,261,501</b>	<b>4,153,372</b>
<b>Total expenses tax (A+B)</b>	<b>5,114,077</b>	<b>4,009,455</b>

**Apprio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**B. Amount recognised in other comprehensive income**

Particulars	For the Year ended	
	31 March 2017	31 March 2016
Remeasurement of the net defined benefit liability	527,336	527,502

**C. Reconciliation of effective tax rate**

Particulars	For the Year ended			
	31 March 2017		31 March 2016	
	%	Amount	%	Amount
Profit before tax		100,271,264		75,622,046
Tax expense as per statutory income tax rate	33.06%	33,152,688	33.06%	25,002,917
Net tax impact on deduction/ disallowances/ taxable income as per Income Tax Act 1961	1.03%	1,032,270	(1.48)%	(1,118,277)
Net of timing difference reversed within tax exemption period and prior period deferred taxation	5.71%	5,722,676	(0.67)%	(508,481)
Less: Exempted tax as per provisions for section 10AA of income tax exemption	(45.32)%	(45,438,171)	(36.91)%	(27,913,115)
Income tax adjustment related to earlier year	(0.11)%	(110,876)	0.00%	-
<b>Income tax reported in statement of profit and loss and effective tax rate</b>	<b>(5.63)%</b>	<b>(5,641,413)</b>	<b>(6.00)%</b>	<b>(4,536,956)</b>

**D. Recognised deferred tax assets/ (liabilities)**

Deferred tax assets/ (liabilities) are attributable to the following:

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Property, plant and equipment	1,125,643	(545,362)	(32,696)
Provision-employee benefits	6,848,607	3,357,001	-
Lease equalisation reserve	2,402,650	1,802,757	-
Other items	84,730	58,397	24,615
MAT credit entitlement	51,481,033	30,730,011	15,062,495
	<b>61,942,663</b>	<b>35,402,804</b>	<b>15,054,414</b>

**Movement in temporary differences**

Particulars	Property, plant and equipment	Provision-employee benefits	Lease equalisation reserve	Other items	MAT credit entitlement	Total
<b>Balance at 1 April 2015</b>	(32,696)	-	-	24,615	15,062,495	<b>15,054,414</b>
Recognised in profit and loss during 2015-16	(512,666)	2,829,499	1,802,757	33,782	-	4,153,372
Recognised in OCI during 2015-16	-	527,502	-	-	-	527,502
MAT credit entitlement during 2015-16	-	-	-	-	15,667,516	15,667,516
<b>Balance as at 31 March 2016</b>	<b>(545,362)</b>	<b>3,357,001</b>	<b>1,802,757</b>	<b>58,397</b>	<b>30,730,011</b>	<b>35,402,804</b>
Recognised in profit and loss during 2016-17	1,671,005	2,964,270	599,893	26,333	-	5,261,501
Recognised in OCI during 2016-17	-	527,336	-	-	-	527,336
MAT credit entitlement during 2016-17	-	-	-	-	20,751,022	20,751,022
<b>Balance as at 31 March 2017</b>	<b>1,125,643</b>	<b>6,848,607</b>	<b>2,402,650</b>	<b>84,730</b>	<b>51,481,033</b>	<b>61,942,663</b>

**7. Other assets**

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current</b>			
Prepaid expenses	4,719,941	5,514,361	6,325,270
	<b>4,719,941</b>	<b>5,514,361</b>	<b>6,325,270</b>
<b>Current</b>			
Prepaid expenses	3,825,073	4,328,552	2,665,198
Balances with government authorities	669,927	1,332,955	1,706,367
Advances to suppliers	12,099	2,472,423	4,755,300
	<b>4,507,099</b>	<b>8,133,930</b>	<b>9,126,865</b>
<b>Total other assets</b>	<b>9,227,040</b>	<b>13,648,291</b>	<b>15,452,135</b>

**8. Trade receivables**

See accounting policies in Note 2 (n)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Current</b>			
Unsecured, considered good (refer note 24)	136,126,433	-	-
	<b>136,126,433</b>	<b>-</b>	<b>-</b>

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**9. Cash and cash equivalents**

See accounting policies in Note 2 (p)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Balances with banks:			
In current accounts (refer note 32)	88,109,997	2,174,492	15,575,169
Cash in hand	-	39,301	5,896
	<b>88,109,997</b>	<b>2,213,793</b>	<b>15,581,065</b>

**10. Share capital**

Particulars	As at	
	31 March 2016	1 April 2015
<b>Authorised:</b>		
900,000 equity shares of Rs.10 each	9,000,000	9,000,000
<b>Issued, subscribed and paid-up:</b>		
800,000 equity shares of Rs.10 each	8,000,000	8,000,000
	<b>8,000,000</b>	<b>8,000,000</b>

**A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Particulars	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement and end of the year	800,000	8,000,000	800,000	8,000,000

**B. Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and shares in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting right of an equity share holder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity capital of the Company. Voting right can not be exercised in respect of shares on which call or other sums presentably payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding-up of the Company, the holder of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held. The Company has not declared any dividend during the year ended 31 March 2015 and 31 March 2016 and 31 March 2017.

**C. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Particulars	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Equity shares of Rs. 10 each fully paid up held by Appirio Inc., USA	-	-	799,999	7,999,990
Equity shares of Rs. 10 each fully paid up held by Wipro limited*	800,000	8,000,000	-	-

The Company is acquired by Wipro Limited on 22 November 2016 by acquisition of shares

\* includes one share held jointly with Bhanumurthy B M

**D. Particulars of shareholders holding more than 5% shares of a class of shares**

Name of the shareholder	31 March 2017		31 March 2016	
	Number	% of total	Number	% of total
Equity shares of Rs. 10 each fully paid up held by:				
- Wipro Limited	800,000	100%	-	-
- Appirio Inc., USA	-	-	799,999	99.99%

**11. Provisions**

See accounting policies in Note 2 (m)

Particulars	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Provision for employee benefits</b>						
Gratuity (refer note 22)	15,574,973	7,734,441	2,115,258	14,574	8,516	7,541
Compensated absences (refer note 22)	15,573,811	10,439,878	-	5,423,744	2,302,647	5,694,674
	<b>31,148,784</b>	<b>18,174,319</b>	<b>2,115,258</b>	<b>5,438,318</b>	<b>2,311,163</b>	<b>5,702,215</b>

**12. Other liabilities**

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current</b>			
Lease equalisation reserve	10,984,250	9,169,855	5,981,625
	<b>10,984,250</b>	<b>9,169,855</b>	<b>5,981,625</b>
<b>Current</b>			
Advance from customer	-	12,498,104	4,457,963
Statutory dues	8,128,859	6,142,500	3,748,014
	<b>8,128,859</b>	<b>18,640,604</b>	<b>8,205,977</b>
	<b>19,113,109</b>	<b>27,810,459</b>	<b>14,187,602</b>

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**13. Trade Payable**

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Trade payables to related parties (refer note 24)	55,637,174	23,311,832	8,238,169
Other trade payables (refer note 26)	7,973,560	4,740,968	9,944,888
	<b>63,610,734</b>	<b>28,052,800</b>	<b>18,183,057</b>

**14. Other financial liabilities**

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current</b>			
Employee payables	1,847,613	-	-
	<b>1,847,613</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
Capital creditors	1,073,395	3,834,509	-
Employee payables	19,744,746	11,210,590	6,452,500
	<b>20,818,141</b>	<b>15,045,099</b>	<b>6,452,500</b>
<b>Total other financial liabilities</b>	<b>22,665,754</b>	<b>15,045,099</b>	<b>6,452,500</b>

**15. Revenue from operations**

See accounting policies in Note 2 (i)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Sale of services (also refer note 24)	697,403,181	522,339,740
	<b>697,403,181</b>	<b>522,339,740</b>

**16. Other income**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Net gain on foreign currency transactions	2,209,807	-
Unwinding of discount on security deposits	608,260	563,204
Miscellaneous income	629,269	465,750
	<b>3,447,336</b>	<b>1,028,954</b>

**Expenses**

Particulars	For the year ended	
	31 March 2017	31 March 2016

**17. Employee benefit expenses**

See accounting policies in Note 2 (j)

Salaries, wages and bonus	330,619,063	265,793,727
Contribution to provident fund	13,287,393	11,478,495
Expense related to post-employment defined benefit plans	5,409,007	2,775,760
Expense related to compensated absences	9,123,126	7,650,097
Share based payments (refer note 24)	40,120,424	10,811,922
Staff welfare expenses	41,284,335	31,359,555
	<b>439,843,348</b>	<b>329,869,556</b>

**18. Depreciation and amortisation expense**

See accounting policies in Note 2 (d) and 2 (e)

Depreciation of property, plant and equipment	44,940,155	24,273,353
Amortisation of intangible assets	731,901	218,017
	<b>45,672,056</b>	<b>24,491,370</b>

**19. Other expenses**

Rent	18,620,188	17,047,502
Repair and maintenance		
- Buildings	5,270,403	4,596,401
- Others	926,987	1,387,167
Travelling and conveyance	37,025,723	33,519,748
Legal and professional fees	13,696,792	7,498,590
Payment to auditor (refer note 19.1)	2,235,000	1,428,000
Recruitment expenses	2,889,575	1,026,156
Training expenses	11,138,979	6,059,514
Electricity expenses	4,911,664	4,696,272
Communication charges	3,261,989	3,261,509
Telephone expenses	470,814	361,742
Facility management charges	4,393,964	3,181,870
Advertisement & marketing expenses	1,730,064	1,543,242
Custom duty	1,991,710	1,591,620
Stationery expenses	990,523	516,347
Freight charges	84,097	148,958
Rates and taxes	1,000	16,626
Net loss on foreign currency fluctuations	-	460,611
CSR expenditure (refer note 27)	1,011,691	-
Miscellaneous expenses	1,975,104	2,199,449
	<b>112,626,267</b>	<b>90,541,324</b>

#### 19.1. Payment to auditor

Particulars	For the year ended	
	31 March 2017	31 March 2016
As auditor:		
Audit fee	1,900,000	1,200,000
Tax audit fee	200,000	180,000
Reimbursement of expenses	135,000	48,000
	<b>2,235,000</b>	<b>1,428,000</b>

#### 20. Statement of other comprehensive income

Particulars	For the year ended	
	31 March 2017	31 March 2016
<b>(i) Items that will not be subsequently reclassified to profit or loss</b>		
Defined benefit plan actuarial gains/(losses)	(2,437,583)	(2,844,398)
	<b>(2,437,583)</b>	<b>(2,844,398)</b>
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>		
	527,336	527,502
	<b>527,336</b>	<b>527,502</b>

#### 21. Earning per share

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year:

Particulars	Units	For the year ended	
		31 March 2017	31 March 2016
<b>Profit after tax attributable to equity shareholders</b>		<b>107,822,924</b>	<b>82,475,898</b>
Number of shares at the beginning and at the end of the year	No.	800,000	800,000
Weighted average of number of equity shares used in computing basic earnings per share	No.	<b>800,000</b>	<b>800,000</b>
<b>Basic earning per share</b>		<b>134.78</b>	<b>103.09</b>

#### 22. Liabilities relating to employee benefits

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Net defined benefit liability - Gratuity	15,589,547	7,742,957	2,122,799
Net defined benefit liability - Compensated absences	20,997,555	12,742,525	5,694,674
<b>Total employee benefit liabilities</b>	<b>36,587,102</b>	<b>20,485,482</b>	<b>7,817,473</b>
Non-current	31,142,827	18,174,319	6,967,910
Current	5,444,275	2,311,163	849,563
	<b>36,587,102</b>	<b>20,485,482</b>	<b>7,817,473</b>

#### I. Defined contribution plan (Provident and other fund)

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident and other funds for the year aggregated to Rs.13,287,393 (previous year Rs.11,478,495)

#### II. Defined benefit plan

##### General description of defined benefit plan (Gratuity plan)

The company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement or on termination of employment for an amount based on the respective employee's salary and the years of employment with the company. The Gratuity Plan is not funded.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

##### A. Reconciliation of the net defined benefit liability

Particulars	For the year ended	
	31 March 2017	31 March 2016
Balance at the beginning of the year	7,742,957	2,122,799
Benefits paid	-	-
Current service cost	4,789,911	2,413,183
Interest cost	619,096	362,577
Actuarial losses on obligation	2,437,583	2,844,398
<b>Balance at the end of the year</b>	<b>15,589,547</b>	<b>7,742,957</b>

##### Disclosed in Note 6 - Provisions

Provision for gratuity		
Long term	15,574,973	7,734,441
Short term	14,574	8,516
	<b>15,589,547</b>	<b>7,742,957</b>

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**B. Expenses recognised in profit and loss**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Current service cost	4,789,911	2,413,183
Interest cost	619,096	362,577
	<b>5,409,007</b>	<b>2,775,760</b>

**Remeasurements recognised in other comprehensive income**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Actuarial loss on defined benefit obligation	2,437,583	2,844,398
	<b>2,437,583</b>	<b>2,844,398</b>

**C. Actuarial assumptions**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Discount rate	7.15%	8.00%
Salary growth rate	11.00%	11.00%
Retirement age	60 Years	60 Years
Employee turnover		
Age (periods)		
21 - 34	10% to 15%	10% to 15%
35 - 59	1% to 5%	1% to 5%
Mortality rate	Standard Indian Assured Lives Mortality (2006-08) Ult table	Standard Indian Assured Lives Mortality (2006-08) Ult table

**D. Sensitivity Analysis**

**Liability towards Defined benefit obligation - Gratuity**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	14,367,097	16,961,585	7,160,634	8,391,347
Salary growth rate (0.50% movement)	16,439,449	14,732,106	8,339,762	7,190,442

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

**III. Other long term benefits- Compensated absences**

An actuarial valuation of compensated absences, except paid sick leaves has been carried out by an independent actuary. Following is the liability of accrued compensation expenses and the basis assumptions:

Particulars	For the year ended	
	31 March 2017	31 March 2016
<b>Liability towards compensated absences</b>		
Long Term	15,567,854	10,439,878
Short Term	3,072,051	2,302,647
Sick Leave	2,357,650	-
	<b>20,997,555</b>	<b>12,742,525</b>

**Actuarial assumptions**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Discount rate	7.15%	8.00%
Salary growth rate	11.00%	11.00%
Retirement age	60 Years	60 Years
Employee turnover		
Age (periods)		
21 - 34	10% to 15%	10% to 15%
35 - 59	1% to 5%	1% to 5%
Leave availment rate	5%	5%
Mortality rate	Standard Indian Assured Lives Mortality (2006-08) Ult table	Standard Indian Assured Lives Mortality (2006-08) Ult table

**Sensitivity Analysis**

Particulars	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	17,833,759	19,517,459	12,248,550	13,276,374
Salary growth rate (0.50% movement)	19,481,786	17,857,221	13,258,969	12,259,313

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.



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**23. Operating leases**

The Company has entered into commercial leases for office premises situated at Mahindra World City, Special Economic Zone, Jaipur. These leases have a lock-in period of two-three years. The primary period of leases are five years with renewal option of two terms of five years in the contracts, the first term being at the sole discretion of the lessee.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	31 March 2017	31 March 2016	31 March 2015
Within one year of the balance sheet date	16,716,977	16,041,354	14,625,340
Due in a period between one year and five years	75,788,361	72,117,559	68,934,390
Due after five years	47,240,068	67,627,846	86,852,369
	<b>139,745,406</b>	<b>155,786,759</b>	<b>170,412,099</b>

The lease rental expense recognised in the statement of profit and loss for office premises situated at Mahindra World City, Special Economic Zone, Jaipur amounting to Rs. 18,620,188 (Previous year Rs. 17,047,502).

**24. Related party disclosures**

**A. Name of related parties and description of relationship:**

Relationship	Party
a. Holding company	1. Wipro Limited (with effect from 22 November 2016) 2. Appirio Inc. (ceases to be holding with effect from 22 November 2016)
b. Fellow subsidiary	1. Appirio Inc. (with effect from 22 November 2016)
c. Key managerial personnel	1. Navneet Prakash Khandelwal, Director (appointed as director with effect from 22 November 2016) 2. Bhanumurthy Ballaapurammuni, Director (appointed as director with effect from 22 November 2016) 3. Krishnan Subramanian, Director (appointed as director with effect from 22 November 2016) 4. Manpreet Singh, Director (resigned from directorship with effect from 22 November 2016) 5. Daniel Michael Lascell, Director (resigned from directorship with effect from 22 November 2016) 6. Mark Patrick O'Connor, Director (resigned from directorship with effect from 22 November 2016)

**B. Summary of transaction with related parties:**

Particulars	For the year ended	
	31 March 2017	31 March 2016
<b>1. Wipro Limited</b>		
Revenue from operations *	1,343,274	-
<b>2. Appirio Inc.</b>		
Revenue from operations	696,059,907	522,339,740
Staff welfare expense	6,862,736	3,821,205
Share based compensation	40,120,424	10,811,922
<b>3. Key Managerial personnels</b>		
<b>Manpreet Singh</b>		
- Salaries, wages and bonus (proportionate for the period 1 April 2016 to 22 November 2016)	6,007,202	9,083,200
- Expense related to post-employment defined benefit plans	224,080	277,969
- Expense related to compensated absences	578,164	458,793
- Share based compensation	3,765,468	-
- Reimbursement of expenses	96,653	709,048

\* Excluding service tax

Note: Key management personnel are covered under the Company's gratuity and compensated absences scheme along with the other employees of the Company. The gratuity/compensated absences liability is determined for all employees based on an independent actuarial valuation. The specific amount of gratuity/compensated absences for key managerial personnel is ascertained separately as mentioned in the above note.

**C. Related party closing balances at the balance sheet date:**

Particulars	31 March 2017	31 March 2016
<b>1. Wipro Limited</b>		
Trade receivable	1,544,767	-
<b>2. Appirio Inc.</b>		
Advance from customer	-	12,498,104
Trade payable	55,637,174	23,311,832
Unbilled revenues	-	70,287,064
Trade receivable	134,581,666	-

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**25. Capital and other commitments (net of capital advance)**

Particulars	31 March 2017	31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,203,600	-

**26. Dues to micro and small suppliers**

Particulars	31 March 2017	31 March 2016
- The amounts remaining unpaid to micro and small suppliers as at the end of the years		
Principal	910,058	20,197
Interest	-	-
- The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
- The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
- The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

**27. Details of corporate social responsibility expenditure**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were donated to the trust Wipro Cares, which performs activities which are specified in Schedule VII of the Companies Act, 2013.

Particulars	For the year ended	
	31 March 2017	31 March 2016
Amount required to be spend by the company	1,011,691	-
Amount spent during the year in Cash	1,011,691	-

**28. Capital management**

For the purpose of the Company's capital management, capital includes issued capital and all our equity reserve. The primary objective of the Company's capital management is to maximize shareholders value. The Company manages its capital structure and makes adjustments in the right if changes on economic environment and Company's fund requirement. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liability less cash and cash equivalents. Total equity comprises all components of equity.

Ratio of adjusted net debt to total equity is as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Total liabilities	141,976,699	91,719,686	47,117,391
Less: Cash and cash equivalents	88,109,997	2,213,793	15,581,065
<b>Adjusted net debt</b>	<b>53,866,702</b>	<b>89,505,893</b>	<b>31,536,326</b>
Total equity	269,338,617	163,425,940	83,266,938
<b>Adjusted net debt to equity ratio</b>	<b>0.20</b>	<b>0.55</b>	<b>0.38</b>

**29. Segment reporting**

The Company is engaged in the business of developing, improving, integrating, designing, repairing, testing, debugging and maintaining of cloud applications in the information technology sector in India which constitutes a single business segment. The Company is primarily organised into two main geographic segments namely India and outside India. However, the Company's operations within India did not exceed the quantitative threshold for disclosure envisaged in Indian Accounting Standard (Ind AS) 108 on "Operating segments" as prescribed under Section 133 of the Act. In view of the above, both primary and secondary reporting disclosures for business / geographical segment as envisaged in Ind AS 108 are not applicable to the Company.

**30.** The Company's unit in Jaipur is registered under the Special Economic Zones ("SEZ") Act, 2005. In accordance with the SEZ Rules, 2006 the Company is required to maintain positive foreign exchange earnings, net of imports. The management is confident of continuing to achieve such commitments in future periods.

### 31. Share based payments

#### A. Description of share-based payment arrangements

Erstwhile holding Company i.e Appirio Inc. has granted share based awards to its employees under the corporate reward programs. Pursuant to such programs, the eligible employees awarded stock options of ultimate holding company as per specific terms and conditions of the plan. In accordance with the terms of the plan, Appirio Inc. has granted stock options to certain employees and directors which generally vest at the rate of 25% after the first year and ratably over the following 36 months and expire ten years after grant. Exercise price of stock options granted be equal to fair value price of the stock of Appirio Inc, USA on the date of grant.

During the current year, the ultimate holding company has been acquired by Wipro Limited on 22 November 2016. In accordance with the terms of the stock option plan as a result of change of control and Wipro Limited not assuming the plan, the options were accelerated and became fully vested at the time of acquisition. The employee had option to either exercise the stock option and settle or stock option would be cashed out on a net basis. In accordance with the selection, the stock options were cashed out on a net basis immediately after the acquisition of the Company by Wipro Limited. Hence there were no stock option outstanding as at 31 March 2017. Details of the liabilities arising from the stock options are as follows:

#### B. Measurement of fair value

The fair value of stock option has been measured using the Black-Scholes formula.

The fair value of the stock options and the inputs used in the measurement of the fair value at grant date and exercise date of the stock option are as follows:

Particulars	31 March 2017		31 March 2016	
	(USD)	(Rs.)	(USD)	(Rs.)
Weighted average fair value	2.25	153.24	1.08	70.95
Weighted average share price	5.05	343.94	2.54	166.87
Expected volatility (weighted average volatility)	45.68%	45.68%	42.70%	42.70%
Expected life (expected weighted average life)	5.99	5.99	5.96	5.96
Expected dividend	0%	0%	0.00%	0.00%
Risk-free interest rate (based on government bonds)	1.43%	1.43%	1.75%	1.75%

Expected volatility has been based on an evaluation of the historical volatility of the Appirio Inc's share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holders behaviour.

#### C. Reconciliation of outstanding stock options

The number and weighted-average exercise price of stock options under stock option plan are as follows:

Particulars	31 March 2017			31 March 2016		
	Weighted average exercise price		Number of options	Weighted average exercise price		Number of options
	(USD)	(Rs.)		(USD)	(Rs.)	
Outstanding at the beginning of year	2.17	147.79	638,680	2.00	131.39	495,400
Granted during the period	5.05	343.94	121,400	2.58	169.49	232,450
Exercised during the period	1.76	119.87	(7,625)	1.68	110.37	(656)
Forfeited during the period	2.20	149.84	(77,100)	2.32	152.41	(88,514)
Employees transfers	2.17	147.79	(6,500)	-	-	-
Settlement on change of control	6.88	468.58	(668,855)	-	-	-
<b>Outstanding at the end of year</b>	-	-	-	<b>2.17</b>	<b>142.56</b>	<b>638,680</b>
Exercisable at the end of year	-	-	-	1.95	127.85	237,731

The options outstanding at 31 March 2017 have an exercise price of Rs Nil (previous year Rs 127.85) and a weighted average remaining contractual life of Nil year (previous year 5.96 years).

#### D. Expense recognised in statement of profit and loss

For details on the employee benefits expense, refer note 17.

### 32. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs *			Other denomination notes			Total		
	Denomination	Count	Amount	Denomination	Count	Amount	Denomination	Count	Amount
Closing Balance as at 8 November 2016	1000	3	12,500	10	1	13	1000	3	12,513
	500	19	-	2	1	-	500	19	-
	-	-	-	1	1	-	10	1	-
	-	-	-	-	-	-	2	1	-
	-	-	-	-	-	-	1	1	-
<b>Transactions between 9 November 2016 and 30 December 2016</b>									
Add: Withdrawal from bank accounts	-	-	-	2000	51	120,000	2000	51	120,000
	-	-	-	500	22	-	500	22	-
	-	-	-	100	60	-	100	60	-
	-	-	-	10	100	-	10	100	-
Less : Paid for permitted transactions	-	-	-	2000	51	117,813	2000	51	117,813
	-	-	-	500	20	-	500	20	-
	-	-	-	100	48	-	100	48	-
	-	-	-	10	101	-	10	101	-
	-	-	-	2	1	-	2	1	-
	-	-	-	1	1	-	1	1	-
Less: Deposited in bank accounts	1000	3	12,500	-	-	-	1000	3	12,500
	500	19	-	-	-	-	500	19	-
<b>Closing balance as at 30 December 2016</b>	-	-	-	<b>500</b>	<b>2</b>	<b>2,200</b>	<b>500</b>	<b>2</b>	<b>2,200</b>
	-	-	-	<b>100</b>	<b>12</b>	<b>-</b>	<b>100</b>	<b>12</b>	<b>-</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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**33. Fair value measurements**

The fair values of the financial assets and liabilities are 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 sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash, trade and other short term receivables, intercompany receivables, and payables, unbilled revenues and other current liabilities approximated their carrying amounts largely due to the short term maturities of these instruments.

2. The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year. Company did not have any Financial Asset or Financial Liability which could be tested for Fair Valuation at Level 1 and Level 2. All of the Financial Assets and Financial Liabilities were classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

The carrying amounts of trade receivables, unbilled revenues, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits was calculated based on cash flows discounted using 8% rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Particulars	Carrying Amount As at 1 April 2015	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>				
Recoverable from employees	379,951	-	-	-
Security deposits	7,070,045	-	-	7,070,045
Cash and cash equivalents	15,581,065	-	-	-
Unbilled revenue	5,712,593	-	-	-
<b>Total financial assets</b>	<b>28,743,654</b>	-	-	<b>7,070,045</b>
<b>Financial liabilities at amortized cost</b>				
Trade payables	18,183,057	-	-	-
Capital creditors	-	-	-	-
Employee payables	6,452,500	-	-	-
<b>Total financial liabilities</b>	<b>24,635,557</b>	-	-	-
<b>Particulars</b>	<b>Carrying Amount As at 31 March 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at amortized cost</b>				
Recoverable from employees	51,988	-	-	-
Security deposits	7,628,250	-	-	7,628,250
Cash and cash equivalents	2,213,793	-	-	-
Unbilled revenue	70,287,064	-	-	-
<b>Total financial assets</b>	<b>80,181,095</b>	-	-	<b>7,628,250</b>
<b>Financial liabilities at amortized cost</b>				
Trade payables	28,052,800	-	-	-
Capital creditors	3,834,509	-	-	-
Employee payables	11,210,590	-	-	-
<b>Total financial liabilities</b>	<b>43,097,899</b>	-	-	-
<b>Particulars</b>	<b>Carrying Amount As at 31 March 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at amortized cost</b>				
Recoverable from employees	75,422	-	-	-
Trade receivables	136,126,433	-	-	-
Security deposits	8,236,510	-	-	8,236,510
Deposit for new facility	1,990,834	-	-	-
Cash and cash equivalents	88,109,997	-	-	-
<b>Total financial assets</b>	<b>234,539,196</b>	-	-	<b>8,236,510</b>
<b>Financial liabilities at amortized cost</b>				
Trade payables	63,610,734	-	-	-
Capital creditors	1,073,395	-	-	-
Employee payables	19,744,746	-	-	-
<b>Total financial liabilities</b>	<b>84,428,875</b>	-	-	-

**Description of significant unobservable inputs to valuation:**

The following table shows the valuation techniques and inputs used for financial instruments.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other financial assets/security deposits	Discounted cash flow method using risk adjusted discounting rate		

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**34. Explanation of transition to Ind AS**

As stated in in Note 2(a), these are financial statements prepared in accordance with Ind AS. The Company for the first time has prepared financial statements for the year ended 31 March 2017 in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS ('transition date'). This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the financial position as at 1 April 2015 and financial performance and cash flows for the year ended 31 March 2016.

**Optional exemptions availed and mandatory exemptions**

In preparing the financial statements, the Company applied the below mentioned optional exemption and mandatory exemptions.

**A. Optional exemptions availed**

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following optional exemptions:

**1. Business combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**2. Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the transition date to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the transition date after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value as at the transition date.

**3. Changes in decommissioning liabilities included in the cost of property, plant and equipment exemption**

The Company does not have material decommissioning, restoration and similar liabilities in the cost of property, plant and equipment and hence the exemption is not applicable.

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**4. Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transaction contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail this exemption.

**Mandatory exceptions applied**

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements:

**1. Estimates**

An entity's estimates in accordance with Ind ASs at the transition date to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 and at 31 March 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. As per Ind AS 101, where application of IND AS, requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the consolidated financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instrument carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost.

**2. Derecognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the transition date to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company does not have any financial assets and liabilities which have been de-recognised in accordance with the provisions of Ind AS 109.

**3. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the facts and circumstances existing as on the date of transition. Further the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly the Company has determined the classification of financial assets based on the facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

**Reconciliations:**

The following reconciliations provide a quantification of the effect of the transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

- Equity as at 1 April 2015 (Transition date)
- Equity as at 31 March 2016
- Statement of profit and loss and comprehensive income for the period ended 31 March 2016

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**Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS**

	Note	Opening Balance Sheet as at 1 April 2015			Balance Sheet as at 31 March 2016		
		Indian GAAP (reported)	Effect of transition to Ind AS	Ind AS	Indian GAAP (reported)	Effect of transition to Ind AS	Ind AS
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment		70,250,529	-	70,250,529	125,323,463	-	125,323,463
Capital work-in-progress		497,724	-	497,724	-	-	-
Other intangible assets		385,873	-	385,873	589,973	-	589,973
Financial assets							
Unbilled revenues	3	-	5,712,593	5,712,593	-	-	-
Other financial assets	1	14,244,372	(7,174,327)	7,070,045	14,239,373	(6,611,123)	7,628,250
Deferred tax assets	2	-	15,054,414	15,054,414	4,614,396	30,788,408	35,402,804
Other non-current assets	2	15,132,723	(8,807,453)	6,325,270	30,756,880	(25,242,519)	5,514,361
<b>Total non-current assets</b>		<b>100,511,221</b>	<b>4,785,227</b>	<b>105,296,448</b>	<b>175,524,085</b>	<b>(1,065,234)</b>	<b>174,458,851</b>
<b>Current assets</b>							
Financial assets							
Cash and cash equivalents		15,581,065	-	15,581,065	2,213,793	-	2,213,793
Unbilled revenues	3	-	-	-	53,762,549	16,524,515	70,287,064
Other financial assets		379,951	-	379,951	51,988	-	51,988
Other current assets	1	8,359,314	767,551	9,126,865	7,366,379	767,551	8,133,930
<b>Total current assets</b>		<b>24,320,330</b>	<b>767,551</b>	<b>25,087,881</b>	<b>63,394,709</b>	<b>17,292,066</b>	<b>80,686,775</b>
<b>Total assets</b>		<b>124,831,551</b>	<b>5,552,778</b>	<b>130,384,329</b>	<b>238,918,794</b>	<b>16,226,831</b>	<b>255,145,626</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Equity share capital		8,000,000	-	8,000,000	8,000,000	-	8,000,000
Other equity							
Retained earnings	5, 6	75,413,432	(146,494)	75,266,938	156,183,535	(757,595)	155,425,940
<b>Total equity</b>		<b>83,413,432</b>	<b>(146,494)</b>	<b>83,266,938</b>	<b>164,183,535</b>	<b>(757,595)</b>	<b>163,425,940</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions		2,115,258	-	2,115,258	18,174,319	-	18,174,319
Deferred tax liabilities	2	32,696	(32,696)	-	-	-	-
Other non-current liabilities		5,981,625	-	5,981,625	9,169,855	-	9,169,855
<b>Total non-current liabilities</b>		<b>8,129,579</b>	<b>(32,696)</b>	<b>8,096,883</b>	<b>27,344,174</b>	<b>-</b>	<b>27,344,174</b>
<b>Current liabilities</b>							
Financial liabilities							
Trade Payables	3	12,451,089	5,731,968	18,183,057	11,068,374	16,984,426	28,052,800
Other financial liabilities		6,452,500	-	6,452,500	15,045,099	-	15,045,099
Provisions		5,702,215	-	5,702,215	2,311,163	-	2,311,163
Income tax liabilities (net)		476,759	-	476,759	325,846	-	325,846
Other current liabilities		8,205,977	-	8,205,977	18,640,604	-	18,640,604
<b>Total current liabilities</b>		<b>33,288,540</b>	<b>5,731,968</b>	<b>39,020,508</b>	<b>47,391,086</b>	<b>16,984,426</b>	<b>64,375,512</b>
<b>Total equity and liabilities</b>		<b>124,831,551</b>	<b>5,552,778</b>	<b>130,384,329</b>	<b>238,918,795</b>	<b>16,226,831</b>	<b>255,145,626</b>

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

**Reconciliation of Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2016**

Particulars	Note	Indian GAAP (reported)	Effect of transition to Ind AS	IND AS
Revenue from operations	3	511,527,818	10,811,922	522,339,740
Other income	1	465,750	563,204	1,028,954
<b>Total income</b>		<b>511,993,568</b>	<b>11,375,126</b>	<b>523,368,694</b>
<b>Expenses</b>				
Employee benefits expense	4	321,902,032	7,967,524	329,869,556
Depreciation and amortisation expense		24,491,370	-	24,491,370
Other expense	1, 3	89,333,237	1,208,087	90,541,324
<b>Total expenses</b>		<b>435,726,639</b>	<b>9,175,611</b>	<b>444,902,250</b>
<b>Profit before tax</b>		<b>76,266,929</b>	<b>2,199,515</b>	<b>78,466,444</b>
Current tax		(15,551,846)	-	(15,551,846)
Current tax for earlier years		(259,650)	-	(259,650)
Deferred tax benefit for earlier years		2,018,022	-	2,018,022
Deferred tax benefit	2, 4	18,296,649	(493,721)	17,802,928
<b>Income tax expense</b>		<b>4,503,175</b>	<b>(493,721)</b>	<b>4,009,454</b>
<b>Profit for the year</b>		<b>80,770,104</b>	<b>1,705,794</b>	<b>82,475,898</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to subsequently to profit or loss	4	-	(2,844,398)	(2,844,398)
Income tax relating to items that will not be reclassified to profit or loss	4	-	527,502	527,502
<b>Total other comprehensive income, net of income tax</b>		<b>-</b>	<b>(2,316,896)</b>	<b>(2,316,896)</b>
<b>Total comprehensive income for the year</b>		<b>80,770,104</b>	<b>(611,102)</b>	<b>80,159,002</b>

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

Footnotes to the reconciliation of balance sheet as at 1 April 2015 and 31 March 2016 and statement of profit and loss (including other comprehensive income) for the year ended 31 March 2016.

**1. Security deposits**

Under the Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

Consequent to the above, the amount of security deposits decreased by Rs. 6,611,123 as at 31 March 2016 and as at transition date by Rs. 7,174,327.

The long-term prepaid rent increased by Rs. 5,487,492 as at 31 March 2016 and as at transition date by Rs. 6,255,042 and short-term prepaid rent increased by Rs. 767,551 as at 31 March 2016 and as at transition date. Total retained earnings decreased by Rs. 151,733 as at transition date due to amortisation of the prepaid rent of Rs. 519,306 which is partially off-set by the notional interest income of Rs. 367,573 recognised on security deposits. The profit for the year ended 31 March 2016 decreased by Rs. 204,347 and total retained earnings as at 31 March 2016 decreased by Rs. 356,080 (including Rs. 151,733 representing transition impact on retained earnings) due to amortisation of the prepaid rent of Rs. 767,551 which is partially off-set by the notional interest income of Rs. 563,204 recognised on security deposits.

**2. Deferred tax, net**

Deferred tax have been recognized on the adjustment made on transition to Ind AS. The various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The deferred tax asset increased by Rs. 58,397 as at 31 March 2016. The deferred tax liability decreased by Rs. 32,696 (gross of reduction in deferred tax asset of Rs. 8,081) as at transition date.

On account of the adjustments mentioned above the deferred tax liability balance as at 1 April 2015 amounting to Rs. 32,696 is netted off with the deferred tax assets, thus resulting in Nil balance of deferred tax liability.

The profit for the year ended 31 March 2016 decreased by Rs. 493,721 which includes deferred tax benefit on actuarial loss amounting to Rs 527,502 on employee benefits, reclassified from Statement of Profit and Loss to Other Comprehensive Income for the year ended 31 March 2016 being offset by deferred tax impact of security deposits amounting to Rs. 33,781.

MAT Credit of the Company were being presented under long term loans and advances under Indian IGAAP. On transition to Ind AS the MAT Credit balance of Rs. 30,730,011 as at 31 March 2016 (Rs. 15,062,495 as at transition date) is regrouped and presented along with the balances of deferred tax assets.

**3. Employee stock option expense**

Under the Indian GAAP, the cost of equity settled employee share based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account increased by Rs. 16,984,426 as at 31 March 2016 (including remeasurement impact of foreign exchange fluctuation for Rs. 440,536) and by Rs. 5,731,968 as at 1 April 2015 (including remeasurement impact of foreign exchange fluctuation for Rs. 19,375). Expenses for the year ended 31 March 2016 is increased by Rs. 11,252,458 (including foreign exchange loss of Rs. 440,536 on account of remeasurement of liability in foreign exchange) and retained earnings as at 1 April 2015 is decreased by Rs. 5,731,968 (including foreign exchange loss of Rs. 19,375 on account of remeasurement of liability in foreign exchange).

**Appirio India Cloud Solutions Private Limited**  
**Notes to financial statements for the year ended 31 March 2017 (continued)**  
(All amounts are in Indian Rupees, unless otherwise stated)

Revenue recognition for the Company is driven on the principals of cost plus markup and is governed by advance pricing agreement (APA). Accordingly, the Company recognized revenue equal to fair value cost of stock options, for which a markup has already been charged in relevant periods. Consequently, the receivable from customer of the company "Appirio Inc." is increased by Rs. 16,524,515 as at 31 March 2016 and by Rs. 5,712,593 as at transition date. Whereas the revenue for the year ended 31 March 2016 is increased by Rs. 10,811,922 and retained earnings as at 1 April 2015 increased by Rs. 5,712,593.

**4. Remeasurements of post-employment benefit obligations**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. As a result of this change, employee benefit expenses decreased by Rs. 2,844,398 and reclassified from Statement of Profit and Loss account to Other Comprehensive Income for the year ended on 31 March 2016.

**5. Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes actuarial loss of defined benefit plans. The concept of other comprehensive income did not exist under Indian GAAP.

As a result of the change mentioned above, actuarial loss amounting to Rs. 2,316,869 (net of deferred tax benefit of Rs. 527,502) as at 31 March 2016 is reclassified from employee benefit expenses and Rs. 786,068 at the date of transition is reclassified from retained earning to Other Comprehensive Income.

**6. Retained earnings**

Retained earnings as at 1 April 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**7. Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement cash flows.

As per our report of even date attached

*for* **BSR & Associates LLP**  
*Chartered Accountants*  
ICAI Firm Registration No.: 116231W/W100024

*for and on behalf of the Board of Directors of*  
**Appirio India Cloud Solutions Private Limited**

sd/-  
**Girish Arora**  
*Partner*  
Membership No. 098652

sd/-  
**Navneet Prakash Khandelwal**  
*Director*  
DIN: 05273477

sd/-  
**Krishnan Subramaniam**  
*Director*  
DIN: 03484801

Place: Gurgaon  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017

Place: Bangalore  
Date: 26 May 2017