

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Board of Directors of Appirio Inc. Report on the Audit of the Special Purpose Financial Statements**

#### **Opinion**

We have audited the accompanying special purpose financial statements of Appirio Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Special Purpose Financial Statements"). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited ("the Parent") solely for inclusion in the annual report of Wipro limited for the year ended March 31, 2020 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the basis of preparation referred to in Note 2 (i) to the Special Purpose Financial Statements, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive loss, its changes in equity and cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 2(i) to the Special Purpose Financial Statements, on the basis of the preparation to the special purpose financial statements. The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company under the requirements of Section 129(3) of the Companies Act, 2013. As a result, the Special Purpose Financial Statements may not be suitable for any other purpose. Our report is intended solely for the Company and Wipro Limited and should not be distributed to or used by parties other than the Company and Wipro Limited.

## **Management's Responsibility for the Special Purpose Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the basis described in Note 2 (i) of the Special Purpose Financial Statements for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W- 100018)

**SD/-**

**Amit Ved**

Partner

(Membership No.120600)

Place: Bengaluru

Date: June 18, 2020

**APPIRIO, INC.**  
**BALANCE SHEET AS AT MARCH 31, 2020**

(Amounts in USD, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	476,221	821,270
Right of use assets	6	49,916	-
Financial assets			
Investment in subsidiaries	7	172,500	172,500
Loans to subsidiaries	26	10,179,642	15,170,772
Other financial assets	10	29,543	29,543
Deferred tax assets (net)		6,394,086	9,712,104
<b>Total non-current assets</b>		<b>17,301,908</b>	<b>25,906,190</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	8	42,977,062	37,835,159
Cash and cash equivalents	9	3,545,916	846,733
Unbilled revenues		4,553,989	4,997,862
Other financial assets	10	500,548	80,763,352
Current tax assets (net)		3,509,454	1,432,323
Contract Assets		1,401,666	1,919,538
Other current assets	11	1,766,787	2,830,892
<b>Total current assets</b>		<b>58,255,422</b>	<b>130,625,859</b>
<b>TOTAL ASSETS</b>		<b>75,557,330</b>	<b>156,532,049</b>
<b>EQUITY</b>			
Equity share capital	12	10	10
Other equity		39,674,530	99,147,077
<b>Total Equity</b>		<b>39,674,540</b>	<b>99,147,087</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	16	-	12,818
<b>Total non-current liabilities</b>		<b>-</b>	<b>12,818</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	3,000,000	20,500,000
Lease liability		58,360	-
Trade payables	14		
Total outstanding dues of creditors other than micro, small and medium enterprises		12,723,214	4,321,172
Other financial liabilities	15	6,447,613	15,229,551
Contract liabilities		7,487,457	11,838,959
Other current liabilities	16	3,475,182	2,845,457
Provisions	17	2,690,964	2,637,005
<b>Total current liabilities</b>		<b>35,882,790</b>	<b>57,372,144</b>
<b>Total Liabilities</b>		<b>35,882,790</b>	<b>57,384,962</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75,557,330</b>	<b>156,532,049</b>

The accompanying notes form an integral part of these Financial Statements

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

For and on behalf of the Board of Directors

Sd/-  
**Amit Ved**  
Partner  
Membership No.: 120600

Sd/-  
**Ashish Chawla**  
Director

Place: Bengaluru  
Date: June 18, 2020

**APPIRIO, INC.**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

(Amounts in USD, unless otherwise stated )

	<u>Notes</u>	<u>For the Year Ended March 31, 2020</u>	<u>For the Year Ended March 31, 2019</u>
<b>REVENUE</b>			
Revenue from rendering of services	18	132,435,068	201,522,387
Other income	19	2,876,936	80,399,808
<b>Total Revenue</b>		<b>135,312,004</b>	<b>281,922,195</b>
<b>EXPENSES</b>			
Employee benefits expense	20	79,414,799	129,766,946
Sub-contracting & technical fees		32,560,735	45,945,774
Finance costs	21	624,524	1,479,266
Depreciation and amortization expense	5	1,038,138	848,589
Other expenses	22	15,820,026	24,351,196
<b>Total Expenses</b>		<b>129,458,222</b>	<b>202,391,772</b>
<b>Profit before tax</b>		<b>5,853,782</b>	<b>79,530,424</b>
<b>Tax expense</b>	25		
Current tax		(48,357)	752,272
Deferred tax		3,333,885	(10,550,780)
<b>Total tax expense</b>		<b>3,285,528</b>	<b>(9,798,507)</b>
<b>Profit for the period</b>		<b>2,568,254</b>	<b>89,328,931</b>
<b>Total other comprehensive Income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>2,568,254</b>	<b>89,328,931</b>
<b>Earnings per equity share</b>			
(Equity shares of par value \$ 0.01 each)	24		
Basic		2,568	89,329
Diluted		2,568	89,329
<b>No. of shares</b>			
Basic		1,000	1,000
Diluted		1,000	1,000

The accompanying notes form an integral part of these Financial Statements

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

For and on behalf of the Board of Directors

Sd/-  
**Amit Ved**  
Partner  
Membership No.: 120600

Sd/-  
**Ashish Chawla**  
Director

Place: Bengaluru  
Date: June 18, 2020

**APPIRIO, INC.**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

(Amounts in USD, unless otherwise stated)

	For the Year Ended March 31, 2020	For the Year Ended 31st March, 2019
<b>Cash flows from operating activities:</b>		
Profit for the year	2,568,254	89,328,931
<b>Adjustments:</b>		
Depreciation	1,038,138	848,589
Exchange loss, net	(435,396)	(1,050,067)
Interest from bank deposits	(230,515)	(100,697)
Income tax expense/(write-back)	3,285,528	(9,798,507)
Interest (income), net	(286,958)	210,248
Gain on sale of Workday and Cornerstone OnDemand business	-	(77,775,756)
Loss on dissolution of subsidiaries	-	440,293
Gain on disposal of assets	-	(204,270)
Other operating income	(610,653)	-
Other income	(688,890)	-
<b>Changes in operating assets and liabilities</b>		
Increase in Trade receivables	(5,141,903)	(9,034,498)
Decrease in Unbilled revenue	961,745	1,936,845
Increase/ Decrease in Other assets	1,012,003	(46,451)
Increase/Decrease in Trade payables	8,402,042	(1,894,447)
Decrease in Accrued expenses, other liabilities and provisions	(7,740,978)	(658,855)
Decrease in Unearned revenue	(3,357,425)	(3,113,731)
Cash used in operating activities before taxes	(1,225,008)	(10,912,373)
Income taxes paid, net	(2,044,447)	(184,990)
Net cash used in operating activities	<b>(3,269,455)</b>	<b>(11,097,363)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(481,116)	(689,891)
Proceeds from sale of property, plant and equipment	-	204,270
Proceeds from sale of investments	-	400,000
Proceeds from sale of Workday and Cornerstone OnDemand business	80,620,372	-
Proceeds from other income	-	-
Loan to subsidiaries	5,278,794	(944,907)
Interest received	1,141,997	1,369,715
Cash flows from investing activities before taxes	86,560,047	339,187
Net cash used in investing activities	<b>86,560,047</b>	<b>339,187</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings	(17,500,000)	-
Proceeds from loans and borrowings	-	8,000,000
Lease Liability	(466,884)	-
Dividend Paid	(62,000,000)	-
Interest paid on loans and borrowings	(624,524)	(1,479,266)
Net cash flows from/used in financing activities	<b>(80,591,408)</b>	<b>6,520,734</b>
Net increase/(decrease) in cash and cash equivalents during the year	2,699,184	(4,237,442)
Cash and cash equivalents at the beginning of the year	846,732	5,084,174
Cash and cash equivalents at the end of the year (Note 9)	<b>3,545,916</b>	<b>846,732</b>

The accompanying notes form an integral part of these Financial Statements

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

For and on behalf of the Board of Directors

**Sd/-**  
**Amit Ved**  
Partner  
Membership No.: 120600

**Sd/-**  
**Ashish Chawla**  
Director

Place: Bengaluru  
Date: June 18, 2020

**APPIRIO, INC.**  
**STATEMENT OF CHANGES IN EQUITY**

(Amounts in USD unless otherwise stated )

**A. EQUITY SHARE CAPITAL**

	31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares	1,000	10	1,000	10
Equity shares issued	-	-	-	-
<b>Closing number of equity shares</b>	<b>1,000</b>	<b>10</b>	<b>1,000</b>	<b>10</b>

**B. OTHER EQUITY**

	Retained Earnings	Total Other Equity
<b>Balance as at April 01, 2019</b>	99,147,077	99,147,077
Adjustment on adoption of Ind AS 116	(40,800)	(40,800)
Total comprehensive income for the period	2,568,254	2,568,254
Less: Dividend payout	(62,000,000)	(62,000,000)
<b>Balance as at March 31, 2020</b>	<b>39,674,530</b>	<b>39,674,530</b>

	Retained Earnings	Total Other Equity
<b>Balance as at April 01, 2018</b>	9,818,146	9,818,146
Total comprehensive income for the period	89,328,931	89,328,931
<b>Balance as at March 31, 2019</b>	<b>99,147,077</b>	<b>99,147,077</b>

The accompanying notes form an integral part of these Financial Statements

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

**Sd/-**  
**Anit Ved**  
Partner  
Membership No.: 120600

Place: Bengaluru  
Date: June 18, 2020

For and on behalf of the Board of Directors

**Sd/-**  
**Ashish Chawla**  
Director

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### 1. The Company overview

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

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

### 2. Basis of preparation of financial statement

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

These Special Purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013.

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

The investment in subsidiaries is considered as a long term investment and carried at cost, less impairment, if any (refer note 7).

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

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

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

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

#### (ii) Basis of measurement

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

#### (iii) Use of estimates and judgments

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



# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

- a) **Revenue recognition:** The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer. Revenue is recognized on net basis in scenario where the company is not the primary obligor.
- b) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting ate. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- c) **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- d) **Useful lives of property, plant and equipment:** The Company depreciates property, plant and equipment on a straight line basis over estimated useful lives of assets. The charge in depreciation is derived based on estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology. The estimated useful life is reviewed at least annually.
- e) **Leases:** Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term is included in the lease term, if it is reasonably certain that the lessee would exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.
- f) **Uncertainty relating to the global health pandemic on COVID 19:** In assessing the recoverability of receivables including unbilled receivables and contract assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### 3. Significant accounting policies

#### (i) Functional presentation currency

These financial statements are presented in US Dollar (\$), which is the functional currency of the Company.

#### (ii) Foreign currency transactions and translation

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

#### (iii) Financial instruments

##### a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

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

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

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

#### **A. Cash and cash equivalents**

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

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

#### **B. Other financial assets:**

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

#### **C. Trade and other payables**

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

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### (iv) Equity and share capital

#### a) Equity share capital

The authorized share capital of the Company as of March 31, 2020 is USD 10 (USD 10 as of March 31, 2019) divided into 1,000 equity shares of \$ 0.01 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

#### b) Retained earnings

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

#### c) Foreign currency translation reserve

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

#### d) Other reserves

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

### (v) Property, plant and equipment

#### a) Recognition and measurement

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

#### b) Depreciation

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

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

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

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

### (vi) Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### **The Company as a lessee**

The Company enters into arrangement for lease of buildings. Such arrangements are generally for a fixed period but may have extension or termination options. The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

- a) control the use of an identified asset,
- b) obtain substantially all the economic benefits from use of the identified asset, and
- c) direct the use of the identified asset

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

### **The Company as a lessor**

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### (vii) Impairment

#### a) Financial assets (other than at fair value)

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

#### b) Non-financial assets

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

### (viii) Employee benefits

#### a) Short-term benefits

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

#### b) Termination benefits

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

#### c) Compensated absences

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

### (ix) Provisions

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

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

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

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

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

### (x) Revenue

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

#### A. Services

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

##### a) Time and materials contracts

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

##### b) Fixed-price contracts

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

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

##### c) Maintenance contracts

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

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

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

### **B. Products**

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

### **(xi) Finance costs**

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

### **(xii) Other income**

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

### **(xiii) Income tax**

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

#### **a) Current income tax**

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

#### **b) Deferred income tax**

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

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

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

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

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

# APPIRIO, INC.

## NOTES TO THE FINANCIAL STATEMENTS

(Amount in USD, unless otherwise stated)

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

### (xiv) Cash flow statement

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

### (xv) Earnings per share

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

### (xvi) Investment in subsidiaries

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

## 4. New Accounting standards:

### A. New Accounting standards adopted by the company

#### Ind AS 116 – Leases

On April 1, 2019, the Company has adopted Ind AS 116, Leases, which, applied to all lease contracts outstanding as at April 1, 2019, using modified retrospective method by recording the cumulative effect of initial application as an adjustment to opening retained earnings. The Company has made use of the following practical expedients available in its transition to Ind AS 116 -

- a) The Company will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Company or modified by the Company before April 1, 2019.
- b) The Company has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application.
- c) The Company excluded the initial direct costs from measurement of the RoU asset;
- d) The Company does not recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

The weighted average rate of discount applied to lease liabilities as at April 1, 2019 is 4.62% p.a.

On adoption of Ind AS 116,

- a) the Company had recognized right-of-use assets USD 3,48,596 and corresponding lease liabilities USD 510,865
- b) the lease equalization reserve of USD 1,05,602 has been derecognized

The adoption of the new standard does not have any material impact on retained earnings.

During the year ended March 31, 2020, the Company recognized in the statement of profit and loss-

- a) Depreciation expense from right-of-use assets of USD 298,680 (Refer to Note 6)



**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Amount in USD, unless otherwise stated)

b) Interest expenses on lease liabilities of USD 14,081

Refer to Note 6 for additions to right-of-use assets during the year ended March 31, 2020 and carrying amount of right-of-use assets as at March 31, 2020 by class of underlying asset.

Lease payments during the year are disclosed under financing activities in the statement of cash flows.

The comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted

The adoption of Ind AS 116 did not have any material impact on the Company's statement of profit and loss and earnings per share.

The difference between the lease obligation disclosed as of March 31, 2019 under Ind AS 17 and the value of the lease liabilities as of April 1, 2019 is primarily on account of practical expedients exercised for low value assets and short term leases, as at adoption of the standard, in measuring lease liability and discounting the lease liabilities to the present value in accordance with Ind AS 116.

<b>Particulars</b>	<b>Total</b>
<b>Operating lease commitments disclosed as at March 31, 2019</b>	525,245
(Less): Impact of discounting on opening lease liability	14,379
<b>Lease liability recognized as at April 1, 2019</b>	<b>510,865</b>

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

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

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

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

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

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

**B. New Accounting Standards not yet adopted by the Company**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**APPRIIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**5. Property, Plant and Equipment**

**As at March 31, 2020**

<b>Gross Carrying Value:</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at April 1, 2019	391,551	1,675,698	319,199	2,386,448
Additions	-	481,116	-	481,116
Adjustments	222,621	(865,285)	364,871	(277,793)
<b>As at March 31, 2020</b>	<b>614,172</b>	<b>1,291,529</b>	<b>684,070</b>	<b>2,589,771</b>

<b>Accumulated Depreciation/ Impairment</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at April 1, 2019	(266,643)	(1,084,123)	(214,412)	(1,565,178)
Depreciation	(81,594)	(573,613)	(84,250)	(739,457)
Adjustments	(229,390)	770,298	(349,823)	191,085
<b>As at March 31, 2020</b>	<b>(577,627)</b>	<b>(887,438)</b>	<b>(648,485)</b>	<b>(2,113,550)</b>

<b>Net Carrying Value</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at March 31, 2019	124,908	591,575	104,787	821,270
As at March 31, 2020	36,545	404,091	35,585	476,221

**As at March 31, 2019**

<b>Gross Carrying Value</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at April 1, 2018	391,551	1,549,470	319,199	2,260,220
Additions	-	689,966	1,576	691,542
Disposal	-	(563,738)	(1,576)	(565,314)
<b>As at March 31, 2019</b>	<b>391,551</b>	<b>1,675,698</b>	<b>319,199</b>	<b>2,386,448</b>

<b>Accumulated Depreciation/ Impairment</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at April 1, 2018	(151,342)	(925,954)	(138,637)	(1,215,934)
Depreciation	(115,300)	(657,513)	(75,776)	(848,589)
Disposal	-	499,344	-	499,344
<b>As at March 31, 2019</b>	<b>(266,642)</b>	<b>(1,084,123)</b>	<b>(214,413)</b>	<b>(1,565,179)</b>

<b>Net Carrying Value</b>	<b>Leasehold improvements</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Total</b>
As at March 31, 2018	240,209	623,516	180,562	1,044,287
As at March 31, 2019	124,909	591,575	104,786	821,270

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**6. Right of use asset**

**As at March 31, 2020**

<b>Gross Carrying Value:</b>	<b>Building</b>
As at April 1, 2019*	348,596
Additions for the year	-
As at March 31, 2020	348,596

<b>Accumulated Depreciation/Impairment</b>	<b>Building</b>
Depreciation for the year	(298,680)
As at March 31, 2020	(298,680)

<b>Net Carrying Value</b>	<b>Building</b>
As at March 31, 2020	49,916

\* Restated as a result of initial application of Ind AS 116 as discussed in Note 4

**7. Investments**

Investments consist of the following:

**Investment in subsidiaries (unquoted)**

Appirio KK (Principle Place of Business - Japan, 100% holding)  
Appirio Ltd (Principle Place of Business - Ireland, 100% holding)  
Topcoder Inc (Principle Place of Business - USA, 100% holding)

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	100,800	100,800
	71,699	71,699
	1	1
	<b>172,500</b>	<b>172,500</b>

**Disclosed in the balance sheet as below:**

Non-Current 172,500 172,500

**8. Trade Receivables**

**Unsecured:**

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Considered good	13,761,746	25,020,794
Considered doubtful	4,390,811	3,070,961
	18,152,557	28,091,755
With related parties - Considered good ( Refer Note 26)	29,215,316	12,814,365
Less: Allowance for lifetime expected credit loss	(4,390,811)	(3,070,961)
	<b>42,977,062</b>	<b>37,835,159</b>

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

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

	As at March 31, 2020	As at March 31, 2019
Opening Balance	3,070,961	2,219,124
Less: Deduction during the period (net)	(6,671,982)	-
Less: Transfer of Provision relating to Workday and Cornerstone business	-	(719,510)
Add: Additions during the year	7,991,832	1,735,600
Less: Other Adjustments	-	(164,253)
Closing Balance	<b>4,390,811</b>	<b>3,070,961</b>

**9. Cash and cash equivalents**

Cash and cash equivalents consists of balances with banks.

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- Current accounts	3,545,916	846,733
	<b>3,545,916</b>	<b>846,733</b>

**10. Other Financial Assets**

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Security deposits	29,543	29,543
	<b>29,543</b>	<b>29,543</b>

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Receivable against Sale of Workday & Cornerstone business	-	80,314,907
Unamortized interest on facilities	298	-
Other receivables	500,250	448,445
	<b>500,548</b>	<b>80,763,352</b>

**11. Other Assets**

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Prepaid expenses	1,642,180	2,830,892
Other non financial assets	124,607	-
	<b>1,766,787</b>	<b>2,830,892</b>

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**12. Share Capital**

**Authorised Capital**

1,000 (March 31, 2019: 1,000) equity share (Par value \$0.01 per share)

As at March 31, 2020	As at March 31, 2019
10	10
<b>10</b>	<b>10</b>

**Issued, subscribed and fully paid-up capital**

1,000 (March 31, 2019: 1,000) equity share (Par value \$0.01 per share)

10	10
<b>10</b>	<b>10</b>

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

Number of equity shares of \$ 0.01 each

As at March 31, 2020	As at March 31, 2019
1,000	1,000
<b>1,000</b>	<b>1,000</b>

(ii) Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Opening number of equity shares</b>	1,000	10	1,000	10
Equity shares issued	-	-	-	-
<b>Closing number of equity shares</b>	<b>1,000</b>	<b>10</b>	<b>1,000</b>	<b>10</b>

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

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% held	No. of shares	% held
Wipro IT Services LLC	1,000	100	1,000	100
	<b>1,000</b>	<b>100</b>	<b>1,000</b>	<b>100</b>

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

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

**13. Borrowings**

A summary of loans and borrowings is as follows:

Current borrowings

Unsecured

Borrowings from:

- Wipro IT Services LLC (Holding Company)

- Wipro LLC (Intermediate Holding Company)

As at March 31, 2020	As at March 31, 2019
-	12,500,000
3,000,000	8,000,000
<b>3,000,000</b>	<b>20,500,000</b>

Movement in lease liabilities

Particulars	April 1, 2019	Cash flow	Ind AS 116 Adoption	Additions to lease liabilities	March 31, 2019
Lease Liabilities	510,865	(466,884)	14,379	-	58,360

**APPRIRO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**14. Trade payables**

	As at March 31, 2020	As at March 31, 2019
Trade payables		
Total outstanding dues of creditors other than micro, small and medium enterprises	5,581,480	3,045,514
Payable to group companies ( Refer Note 26)	7,141,734	1,275,658
	<b>12,723,214</b>	<b>4,321,172</b>

**15. Other Financial Liabilities**

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Bonus payable	2,986,100	7,670,750
Other Payables	598,301	6,706,632
Advances from customers	-	765,019
Interest Accrued but not Due	67,591	87,150
Salary payable	2,795,621	-
	<b>6,447,613</b>	<b>15,229,551</b>

**16. Other Liabilities**

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Deferred Rent	-	12,818
	-	<b>12,818</b>
<b>Current</b>		
Statutory dues payable	1,251,749	1,495,712
Severance compensation	-	875,000
Accrued Bonus Taxes	199,481	199,481
Withholding Tax Payable	182,480	182,480
Deferred Rent	-	92,784
Other current liabilities	1,841,472	-
	<b>3,475,182</b>	<b>2,845,457</b>

**17. Provisions**

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Provision for employee benefits	2,690,964	2,637,005
	<b>2,690,964</b>	<b>2,637,005</b>

**18. Revenue from Operations**

	Year ended March 31, 2020	Year ended March 31, 2019
Rendering of Services	132,435,067	201,522,387
	<b>132,435,067</b>	<b>201,522,387</b>

**A. Contract Asset and Liabilities**

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

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

During the year ended March 31, 2020, the Company recognized revenue of USD 8,980,924 arising from opening unearned revenue as at April 1, 2019 of a total of USD 11,838,959.

During the year ended March 31, 2020, USD 1,401,666 of unbilled revenue pertaining to fixed-price development contracts (contract assets) which had an amount of USD 2,159,423 as at April 1, 2019, has been reclassified to trade receivables on completion of milestones.

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

**B. Remaining Performance Obligations**

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

As at March 31, 2020, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was USD 7,487,457, whole of which is expected to be recognized as revenues within 1 year, and the remainder thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**C. Disaggregation of Revenues**

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

Revenue	Total
Sale of Services	132,435,067
<b>Revenue by Nature of Contract</b>	
Fixed price and volume based	21,636,794
Time and materials based	110,798,273

**19. Other Income**

	Year ended March 31, 2020	Year ended March 31, 2019
Other operating income*	610,653	77,775,756
Foreign exchange gains / (losses), net	435,396	1,050,067
Interest income	911,482	1,269,018
Other income	688,890	204,270
Interest from Bank deposits	230,515	100,697
	<b>2,876,936</b>	<b>80,399,808</b>

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

Particulars	Amount (USD)
Cash consideration	80,158,094
Less: Carrying amount of net assets disposed	(2,382,338)
Gain on sale	<b>77,775,756</b>

USD 610,653 pertains to the changes in purchase consideration during the year ended March 31, 2020.

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

**20. Employee benefits expense**

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	76,334,104	121,190,943
Staff welfare expenses	3,080,695	8,576,003
	<b>79,414,799</b>	<b>129,766,946</b>

**21. Finance costs**

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense	610,444	1,479,266
Interest amortization on facilities	14,081	-
	<b>624,524</b>	<b>1,479,266</b>

**22. Other expenses**

	Year ended March 31, 2020	Year ended March 31, 2019
AMC for software & hardware	4,065,869	6,998,957
Staff Recruitment expenses	450,734	612,399
Provision for lifetime expected credit losses	1,411,126	1,735,600
Bad Debt written-off	-	6,655
Rent	6,078	437,073
Insurance	31,749	187,594
Business Meeting	254,589	-
Subscription	309,030	-
Other general & administrative expenses	725,818	-
Loss on dissolution of subsidiaries	-	440,293
Travel	4,736,171	6,755,686
Legal and professional charges	931,250	2,918,480
Marketing and brand building	2,897,612	4,258,460
	<b>15,820,026</b>	<b>24,351,196</b>

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**23. Operating leases**

Until March 31, 2019, prior to adoption of Ind AS 116, the Company had taken on lease, office and residential facilities under cancellable and non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases during the year ended March 31, 2019 were \$4,37,073.

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

	<u>As at</u> <u>March 31, 2019</u>
Not later than 1 year	466,884
Later than 1 year and not later than 5 years	58,361
	<u>525,245</u>

**24. Earnings per Equity Share**

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

**Basic and Diluted:** Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period, excluding equity shares purchased by the Company. Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company. The Company does not have any potential equity shares as on March 31, 2020 and March 31, 2019.

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Profit for the Period	2,568,254	89,328,931
Weighted average number of equity shares outstanding	1,000	1,000
Basic and diluted earnings per share	2,568	89,329

**25. Income Tax Expense**

Income tax expense has been allocated as follows:

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Current tax	(48,357)	752,272
Deferred tax	5,839,343	(10,550,780)
<b>Total Income Tax Expense Recognised</b>	<u>5,790,986</u>	<u>(9,798,507)</u>

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

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
<b>Profit / (Loss) before tax</b>	5,853,782	79,530,424
Statutory income tax rate of USA	28.00%	28.00%
Expected income tax expense	1,639,059	22,268,519
Effect of:		
Tax relating to prior years	(48,357)	-
Changes in unrecognized deferred tax assets	4,200,284	(32,067,026)
	<u>5,790,986</u>	<u>(9,798,507)</u>



**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*(Amounts in USD, unless otherwise stated)*

**26. Financial Instruments**

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

**a. Financial Assets and Liabilities**

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

	<b>Amortised Cost</b>	<b>Total carrying value</b>
<b>Financial Assets:</b>		
Trade Receivables	42,977,062	42,977,062
Cash and Cash Equivalents	3,545,916	3,545,916
Unbilled Revenues	4,553,989	4,553,989
Other Financial Assets	530,091	530,091
Loan to Subsidiaries	10,179,642	10,179,642
<b>Total</b>	<b>61,786,700</b>	<b>61,786,700</b>
<b>Financial Liabilities:</b>		
Borrowings	3,000,000	3,000,000
Trade Payables	12,723,214	12,723,214
Lease Liabilities	58,360	-
Other Financial Liabilities	6,447,613	6,447,613
<b>Total</b>	<b>22,229,187</b>	<b>22,170,827</b>

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

	<b>Amortised Cost</b>	<b>Total carrying value</b>
<b>Financial Assets:</b>		
Trade Receivables	37,835,159	37,835,159
Cash and Cash Equivalents	846,733	846,733
Unbilled Revenues	4,997,862	4,997,862
Other Financial Assets	80,763,352	80,763,352
Loan to Subsidiaries	15,170,772	15,170,772
<b>Total</b>	<b>139,613,878</b>	<b>139,613,878</b>
<b>Financial Liabilities:</b>		
Borrowings	20,500,000	20,500,000
Trade Payables	4,321,172	4,321,172
Other Financial Liabilities	14,464,532	14,464,532
<b>Total</b>	<b>39,285,704</b>	<b>39,285,704</b>

**b. Exposure to Credit Risk**

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

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**c. Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2020, cash and cash equivalents are held with major banks and financial institutions.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date. The amounts include estimated interest payments and exclude the impact of netting agreements, if any.

Contractual cash flows as at March 31, 2020	Carrying value	Less than 1 year	1-3 years	> 3 years	Total
Borrowings	3,000,000	3,067,591	-	-	3,067,591
Lease Liabilities	58,360	58,360	-	-	58,360
Other financial liabilities	19,170,827	19,170,827	-	-	19,170,827

Contractual cash flows as at March 31, 2019	Carrying value	Less than 1 year	1-3 years	> 3 years	Total
Borrowings	20,500,000	20,579,371	-	-	20,579,371
Other financial liabilities	19,550,723	19,550,723	-	-	19,550,723

**d. Foreign Currency Exchange Rate Risk**

The Company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. The carrying amount of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency		Liabilities		Assets	
		As at	As at	As at	As at
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Intercompany Trade Payable	EUR	(4,850,528)	-2,815,122	-	-
Intercompany Trade Payable	GBP	(6,951,751)	-8,249,664	-	-
Intercompany Trade Payable	JPY	(1,428,174)	-387,403	-	-
Intercompany Trade Payable	INR	(382,538,589)	-897,956	-	-
Intercompany Trade Payable	AUD	(1,604)	-	-	-
Intercompany Trade Payable	CAD	(1,380)	-	-	-
Intercompany Trade Payable	RMB	(3,281,616)	-	-	-
Intercompany Trade Payable	SEK	-	-	14,621	-
Intercompany Trade Receivable	GBP	-	-	-	977,005
		<b>(399,053,642)</b>	<b>(12,350,145)</b>	<b>14,621</b>	<b>977,005</b>

The following table details the Company's sensitivity to 1% increase and decrease in the USD against the foreign currency

	As at		As at	
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	+1%	-1%	+1%	-1%
EUR	(48,505)	48,505	(28,151)	28,151
GBP	(69,518)	69,518	(72,727)	72,727
JPY	(14,282)	14,282	(3,796)	3,796
INR	(3,825,386)	3,825,386	(8,980)	8,980
AUD	(16)	16	-	-
CAD	(14)	14	-	-
RMB	(32,816)	32,816	-	-
SEK	146	(146)	-	-

**e. Interest Rate Risk**

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company has intercompany payables and receivables, the interest of which is based on the movement in LIBOR. If interest rates were to increase by 100 bps from March 31, 2020 (March 31, 2019), additional net annual interest income (net) on floating lending rate would approximately amount to USD 71,180 (USD 53,292).

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

**26. Related Party Relationships, Transactions and Balances**

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

<b>Name of the Party</b>	<b>Relationship with the Company</b>
Wipro Limited	Ultimate Holding Company
Wipro IT Services LLC	Holding Company
Wipro LLC	Intermediate Holding Company
Wipro do Brasil Technologia Ltda	Fellow Subsidiary
Wipro Technologies GmbH	Fellow Subsidiary
Wipro Technology Chile SPA	Fellow Subsidiary
Wipro Solutions Canada Ltd.	Fellow Subsidiary
Wipro Portugal S.A.	Fellow Subsidiary
Wipro Technologies S.A DE C. V	Fellow Subsidiary
Wipro Chengdu Limited	Fellow Subsidiary
Wipro Gallagher Solutions, LLC	Fellow Subsidiary
Appirio Ltd. (UK)	Fellow Subsidiary
Appirio Ltd. (Ireland)	Subsidiary
Appirio, K.K	Subsidiary
Topcoder LLC	Subsidiary

**ii) The Company had the following transactions with related parties during the year ended March 31, 2020**

<b>Particulars</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
<b>Wipro Ltd.</b>		
Sales and services	(47,918,318)	(34,135,113)
Subcontracting & technical fees	15,659,170	21,143,301
<b>Wipro IT Services LLC</b>		
Interest expense	61,303	604,656
<b>Wipro LLC</b>		
Sales and services	(12,053,259)	(4,663,085)
Interest expense	106,825	338,948
<b>Wipro Technologies GmbH</b>		
Sales and services	-	(16,396)
Subcontracting & technical fees	189,296	-
<b>Wipro do Brasil Technologia Ltda</b>		
Sales and services	(53,763)	-
<b>Wipro Technology Chile SPA</b>		
Sales and services	(489,309)	-
<b>Wipro Solutions Canada Ltd.</b>		
Sales and services	(501,790)	(1,252,245)
<b>Wipro Portugal S.A.</b>		
Subcontracting & technical fees	1,106,017	422,122
<b>Topcoder, LLC.</b>		
Sales and services	8,634,007	-
<b>Appirio Ltd. (UK)</b>		
Sales and services	(1,872,363)	(587,273)
Subcontracting & technical fees	2,624,439	3,266,421
Interest income	(460,932)	(530,607)
Interest expense	337,456	405,524
<b>Appirio Ltd. (Ireland)</b>		
Sales and services	(238,418)	(41,017)
Subcontracting & technical fees	1,152,295	928,059
Interest income	(391,707)	(454,449)
Interest expense	91,805	110,754
<b>Appirio, K.K.</b>		
Interest income	(58,844)	(278,363)
Interest expense	13,055	18,502

**APPIRIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Amounts in USD, unless otherwise stated)*

<b>Wipro Technologies S.A DE C. V</b>		
Sales and services	(941,172)	-
Subcontracting & technical fees	269,306	-
<b>Wipro Chengdu Limited</b>		
Subcontracting & technical fees	465,602	-

iii) Balances with related parties as at March 31, 2020 are summarised below

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Receivables:</b>		
Wipro Limited	17,043,886	419,645
Wipro LLC	5,311,091	3,761,764
Wipro Technologies GmbH	-	50,530
Wipro do Brasil Tecnologia Ltda	53,763	-
Wipro Technology Chile SPA	489,309	-
Wipro Solutions Canada Ltd.	33,383	1,261,245
Appirio Ltd. (UK)	636,335	4,375,697
Appirio Ltd. (Ireland)	886,484	1,536,386
TopCoder LLC	3,721,059	827,520
Wipro Technologies S.A DE C. V	404,917	-
Appirio, K.K.	635,089	581,578
<b>Total</b>	<b>29,215,316</b>	<b>12,814,366</b>

<b>Payables:</b>		
Wipro IT Services LLC	-	(53,140)
Wipro LLC	-	(34,010)
Wipro Portugal S.A.	(1,503,005)	(422,122)
Wipro Limited	(4,911,662)	(853,536)
Wipro Technologies GmbH	(186,602)	-
Wipro Chengdu Limited	(462,084)	-
Wipro Travel Services Limited	(78,381)	-
<b>Total</b>	<b>(7,141,734)</b>	<b>(1,362,808)</b>

<b>Loan amount outstanding:</b>		
Wipro IT Services LLC	-	(12,500,000)
Wipro LLC	(3,067,591)	(8,000,000)
<b>Total</b>	<b>(3,067,591)</b>	<b>(20,500,000)</b>

<b>Loan receivables</b>		
Appirio, K.K.	-	5,465,913
Appirio Ltd. (Ireland)	7,105,248	7,048,717
Appirio Ltd. (UK)	3,074,394	2,656,142
<b>Total</b>	<b>10,179,642</b>	<b>15,170,772</b>

**27. Commitments and contingencies**

**Capital commitments:** The Company has Nil material capital commitments as on March 31, 2020 (March 31, 2019 : Nil)

**Contingencies:** The Company has Nil material contingencies as on March 31, 2020 (March 31, 2019 : Nil)

**28. Segment reporting**

The Company publishes the financial statements along with the consolidated financial statements of ultimate holding company. In accordance with Ind AS 108 the Company has disclosed the segment information in the consolidated financial statements of ultimate holding company.

The accompanying notes form an integral part of these Financial Statements

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

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

**Sd/-**  
**Amit Ved**  
Partner  
Membership No.: 120600

**Sd/-**  
**Ashish Chawla**  
Director

Place: Bengaluru  
Date: June 18, 2020