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SUBSIDIARY FINANCIALS 2015-16

Contents

Infosys Consulting Holding AG 3
Infosys Consulting GmbH 11
Infosys Management Consulting Pty Ltd 25
Infosys Consulting AG 39
Lodestone GmbH 55
Lodestone Management Consultants Co. Ltd 65
Infosys Consulting s.r.o. 77
Lodestone Management Consultants GmbH 89
Infy Consulting Company Limited 101
Lodestone Management Consultants B.V. 109
Infosys consulting sp. Z o.o. 121
Lodestone Management Consultants Portugal, Unipessoal, Lda. 137
Infosys Consulting S.R.L. 149
Infosys Consulting Pte. Ltd. 161
Lodestone Management Consultants Inc. 173
Lodestone Management Consultants (Belgium) S.A. 187
Lodestone Management Consultants Ltda. 201
Lodestone Augmentis AG. 215
Infosys Consulting S.R.L. 225
Infosys BPO Limited 237
EdgeVerve Systems Limited 263
Infosys Technologies (China) Co., Ltd. 287
Infosys Technologies (Shanghai) Co., Ltd. 303
Infosys Public Services, Inc. 317
Infosys America Inc. 329
Infosys Technologia do Brasil Ltda. 339
Infosys Technologies (Australia) Pty. Limited. 353

Infosys Technologies (Sweden) AB. 369
Infosys (Czech Republic) Limited s.r.o. 381
Infosys Poland Sp. z o.o. 395
Infosys McCamish Systems, LLC, ... 413
Portland Group Pty Ltd 427
Infosys Technologies S. de. R. L. de C.V. 439
Infosys Nova Holdings LLC 449
Panaya Inc. 455
Panaya Ltd. 467
Panaya GmbH 475
Panaya Japan Co. Ltd 487
Skava Systems Private Limited 497
Kallidus, Inc. 513
Noah Consulting LLC 525
Noah Information Management Consulting Inc. 537
Infosys Consulting SAS 547

Infosys Consulting Holding AG

(formerly Lodestone Holding AG)

Independent Auditor's Report

To the Members of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Consulting Holding AG (formerly Lodestone Holding AG) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

for Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,66,31,47,500	1,66,31,47,500
Reserves and surplus	2.2	1,31,48,05,871	1,19,61,81,102
		2,97,79,53,371	2,85,93,28,602
CURRENT LIABILITIES			
Unsecured loans	2.3	36,94,70,943	36,67,08,044
Other current liabilities	2.4	6,33,175	9,55,500
Short-term provisions	2.5	51,95,369	14,71,470
		37,52,99,487	36,91,35,014
		3,35,32,52,858	3,22,84,63,616
ASSETS			
NON-CURRENT ASSETS			
Non-current investments	2.6	1,76,09,32,700	50,34,00,027
Long-term loans and advances	2.7	12,81,019	26,47,057
		1,76,22,13,719	50,60,47,084
CURRENT ASSETS			
Cash and cash equivalents	2.8	4,70,05,976	1,72,02,032
Short-term loans and advances	2.9	1,54,40,33,163	2,70,52,14,500
		1,59,10,39,139	2,72,24,16,532
		3,35,32,52,858	3,22,84,63,616
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

Sanjay Purohit
Chairperson

Jürgen Bauer
Chief Executing Officer

Rajesh Krishnamurthy
Director

Manish Tandon
Director

U. B. Pravin Rao
Director

Bangalore
January 8, 2016

Statement of Profit and Loss

(in ₹ except per share data)

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
Other income	2.10	11,41,87,385	24,20,77,236
Total revenue		11,41,87,385	24,20,77,236
Expenses			
Professional charges		6,32,874	12,44,430
Other expenses	2.11	10,70,19,933	99,65,988
Finance cost		36,80,551	53,23,155
Total expenses		11,13,33,358	1,65,33,573
PROFIT BEFORE TAX		28,54,027	22,55,43,663
Tax expense			
Current tax	2.12	1,05,58,099	8,85,363
PROFIT / (LOSS) FOR THE YEAR		(77,04,072)	22,46,58,300
EARNINGS / (LOSS) PER EQUITY SHARE			
Class A Equity shares of par value CHF 1,000/- each			
Basic and diluted		(293)	8,545
Number of Class A shares used in computing earnings per share			
Basic and diluted		23,350	23,350
Class B Equity shares of par value CHF 100/- each			
Basic and diluted		(29)	855
Number of Class B shares used in computing earnings per share			
Basic and diluted		29,400	29,400
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bangalore
January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

Sanjay Purohit
Chairperson

Jürgen Bauer
Chief Executing Officer

Rajesh Krishnamurthy
Director

Manish Tandon
Director

U. B. Pravin Rao
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		28,54,027	22,55,43,663
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(17,87,19,803)	(19,09,37,330)
Effect of exchange differences on translation of assets and liabilities		12,63,28,841	(19,46,46,581)
Changes in assets and liabilities			
Loans and advances and other assets		2,59,407	16,19,754
Liabilities and provisions		(3,22,325)	(6,76,22,398)
		4,95,99,853	(22,60,42,892)
Income taxes paid		(54,68,162)	(11,17,478)
NET CASH GENERATED BY OPERATING ACTIVITIES		5,50,68,015	(22,71,60,370)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in subsidiaries		(1,57,68,461)	(6,40,29,388)
Interest received from bank and dividend received		15,51,58,000	8,67,68,571
NET CASH PROVIDED BY INVESTING ACTIVITIES		13,93,89,539	2,27,39,183
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan (given to) / repaid by subsidiary		(8,08,42,282)	3,26,42,016
Loan received from subsidiary		27,62,899	8,24,25,785
Interest on loan given to subsidiary		2,35,61,803	10,41,68,759
NET CASH USED IN FINANCING ACTIVITIES		5,45,17,580	21,92,36,560
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,98,03,944	1,48,15,373
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,72,02,032	23,86,659
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,70,05,976	1,72,02,032
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bangalore
January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

Sanjay Purohit
Chairperson

Jürgen Bauer
Chief Executing Officer

Rajesh Krishnamurthy
Director

Manish Tandon
Director

U. B. Pravin Rao
Director

Significant accounting policies and notes on accounts

Company overview

Infosys Consulting Holding AG (formerly Lodestone Holding AG) ('the Company') renders professional management consulting services to domestic and international corporate clients, thereby enabling its clients to enhance business performance. The Company was incorporated on August 17, 2005 as Lodestone Management Consultants Ltd. and domiciled in Zurich, Switzerland.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts and income taxes.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.6 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.7 Foreign currency transactions

Foreign-currency-denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.8 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

1.10 Cash flow statement

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

1.11 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
23,350 (23,350) of Class A equity shares of CHF 1000/- par value and 29,400 (29,400) of Class B equity shares of CHF 100/- par value	1,66,31,47,500	1,66,31,47,500
Issued, subscribed and paid-up		
23,350 (23,350) of Class A equity shares of CHF 1000/- par value and 29,400 (29,400) of Class B equity shares of CHF 100/- par value	1,66,31,47,500	1,66,31,47,500
	1,66,31,47,500	1,66,31,47,500

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are as follows:

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited (Class A shares)	23,350	100	23,350	100
Infosys Limited (Class B shares)	29,400	100	29,400	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 are as follows:

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning (Class A)	23,500	1,48,84,90,482	23,500	1,48,84,90,482
Shares at the end (Class A)	23,500	1,48,84,90,482	23,500	1,48,84,90,482

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning (Class B)	29,400	17,46,57,018	29,400	17,46,57,018
Shares at the end (Class B)	29,400	17,46,57,018	29,400	17,46,57,018

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Currency translation reserve – opening balance	(25,01,80,963)	(5,55,34,382)
Add: Movement during the year	12,63,28,841	(19,46,46,581)
	(12,38,52,122)	(25,01,80,963)
Legal reserve – opening balance	7,26,12,630	6,07,13,270
Add: Transferred from Surplus	87,42,600	1,18,99,360
Legal reserve – closing balance	8,13,55,230	7,26,12,630

Particulars	As at December 31,	
	2015	2014
Surplus – opening balance	1,37,37,49,435	1,16,09,90,495
Add: Net profit / (Loss) after tax transferred from Statement of Profit and Loss	(77,04,072)	22,46,58,300
Add: Amount transferred to (from) reserve for own share	87,42,600	1,18,99,360
Surplus – closing balance	1,35,73,02,763	1,37,37,49,435
	1,31,48,05,871	1,19,61,81,102

2.3 Unsecured loans

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans	36,94,70,943	36,67,08,044
	36,94,70,943	36,67,08,044
(1) *Includes dues to fellow subsidiaries (Refer to Note 2.14)*	36,94,70,943	36,67,08,044

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Other liabilities		
Provision for expenses	6,33,175	9,55,500
	6,33,175	9,55,500

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for income taxes	51,95,369	14,71,470
	51,95,369	14,71,470

2.6 Investments

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Non-current investments		
Others (unquoted)		
Investments in equity instruments of subsidiaries		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*		
1,720 (1,720) equity shares of EUR 50/- each, fully paid	1,83,19,383	1,83,19,383
Lodestone Management Consultants Portugal, Unipessoal, LDA	4,05,11,835	4,05,11,835
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*		
1,200 (1,200) equity shares of CHF 100/- each, fully paid	1,28,85,589	1,28,85,589
Lodestone Management Consultants Sp. z o.o.		
10,000 (10,000) equity shares of PLN 100/- each, fully paid	2,61,52,019	2,61,52,019
Lodestone Management Consultants Pty. Limited		
300 (300) equity shares of AUD 1/- each, fully paid	5,44,51,700	5,44,51,700
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)*		
1(1) equity shares of GBP 1/- par value, fully paid	117	117
Lodestone Management Consultants (Belgium) S.A.		
999 (999) equity shares of EUR 489.32/- each, fully paid	6,92,37,445	6,92,37,445
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)*		
6,000 (6,000) equity shares of RON 100/- par value, fully paid	1,85,37,023	1,85,37,023
Lodestone Management Consultants Inc.		
100 (100) equity shares of USD 1000/- par value, fully paid	62,07,500	62,07,500
Infosys Consulting s.r.o.		
(formerly Lodestone Management Consultants s.r.o.)	7,71,362	7,71,362
2,00,000 CZK (2,00,000 CZK)		
Lodestone Management Consultants Co., Ltd.	14,76,56,679	14,76,56,679
29,30,000 USD (22,60,000 USD)		
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*		
8,000 (8,000) equity shares of EUR 10/- par value, fully paid	52,73,472	52,73,472
Lodestone Management Consultants GmbH, Austria		
EUR 80,000	45,56,916	45,56,916
Lodestone Management Consultants Ltda.		
7,58,24,615 (1,50,000) equity shares of BRL 1/- par value, fully paid	1,24,53,27,621	35,63,409
Lodestone Management Consultants BV	41,41,463	41,41,463
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*		
83,100 (60,600) equity shares of ARS 100/- par value, fully paid	6,77,71,285	5,20,02,824
Lodestone GmBH *(formerly Hafner Bauer & Ödman GmbH)*		
480 (480) equity shares of CHF 100/- par value, fully paid	50,90,265	50,90,265
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*		
1,00,000 (1,00,000) equity shares of SGD 1/- par value, fully paid	3,40,41,026	3,40,41,026
	1,76,09,32,700	50,34,00,027

2.7 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Other loans and advances		
Advance income taxes	12,81,019	26,47,057
	12,81,019	26,47,057

2.8 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	4,70,05,976	1,72,02,032
	4,70,05,976	1,72,02,032

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
UBS Switzerland AG (CHF)	36,41,968	69,60,805
UBS Switzerland AG (EURO)	3,55,81,145	84,60,259
UBS Switzerland AG (USD)	4,56,263	17,80,968
Deutsche Bank (CHF)	66,65,000	–
Deutsche Bank (USD)	6,61,600	–
	4,70,05,976	1,72,02,032
Total bank balances	4,70,05,976	1,72,02,032

2.9 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Loans to subsidiary (*Refer to Note 2.14*)	1,54,35,50,861	2,70,44,72,791
Others		
Advances		
Prepaid expenses	4,56,009	–
Withholding and other taxes receivable	26,293	9,557
Others [(1)]	–	7,32,152
	1,54,40,33,163	2,70,52,14,500
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.14)*	–	7,32,152

2.10 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	–	19,571
Interest on loan given to subsidiary	2,35,61,803	10,41,68,759
Dividend received from subsidiary	15,51,58,000	8,67,49,000
Miscellaneous income, net	3,57,781	–
Gains / (losses) on foreign currency, net	(6,48,90,199)	5,11,39,906
	11,41,87,385	24,20,77,236

2.11 Expenses

Particulars	Year ended December 31,	
	2015	2014
Other expenses		
Insurance charges	24,88,545	–
Auditor's remuneration		
Statutory audit fees	1,59,393	5,29,894
Bank charges	92,537	1,25,461
Miscellaneous expenses	10,42,79,458	93,10,633
	10, 70,19,933	99,65,988

2.12 Tax expense

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	1,05,58,099	8,85,363
	1,05,58,099	8,85,363

2.13 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.14 Related party transactions

List of related parties:

Name of holding company	Country
Infosys Limited[1]	India

[1] *Holding of Infosys Consulting Holding AG (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s.r.o)* [1]	Czech Republic
Infosys BPO (Poland) Sp. z o.o [1]	Poland
Infosys BPO S. de R. L. de C. V. [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Ltd[1]	Australia
Portland Procurement Services Pty. Ltd[5]	Australia
Infosys BPO Americas LLC.[1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty Limited [3]	Australia
Lodestone GmBH *(formerly Hafner Bauer & Ödman GmbH)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	UK
Lodestone Management Consultants BV [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA. [3]	Portugal
SC Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC. (Infosys Nova)[9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd.[11]	Israel
Panaya GmbH[11]	Germany
Panaya Pty. Ltd.[11]	Australia
Panaya Japan Co. Ltd.[11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus)[13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Infosys Consulting AG (formerly Lodestone Management Consultants AG))*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans		
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)*	36,94,70,943	36,67,08,044
Loans and advances to subsidiaries		
Lodestone Management Consultants Inc.	11,15,21,436	10,39,23,974
Lodestone Management Consultants Pty Limited	15,69,32,767	19,24,92,423
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	33,52,23,444	52,24,73,291
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	14,43,02,976	–
Lodestone Management Consultants (Belgium) S.A.	21,35,53,642	11,23,52,871
Lodestone Management Consultants Portugal, Unipessoal, LDA.	2,16,45,446	–
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	43,76,46,974	33,67,15,673
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	7,04,92,412	7,41,30,610
Lodestone Management Consultants GmbH Austria	1,06,34,407	1,89,97,643
Lodestone Management Consultants B.V.	4,15,97,357	7,40,85,231
Lodestone Management Consultants Ltda.	–	1,26,93,01,076
	1,54,35,50,861	2,70,44,72,792
Other receivables		
Lodestone Management Consultants Inc.	–	7,32,152

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Conversion of loan to investment		
Lodestone Management Consultants Ltda.	1,24,17,64,212	–
Investment in subsidiaries		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	1,57,68,461	2,41,08,650
Revenue transactions		
Dividend income		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	15,51,58,000	8,67,49,000
Interest income		
Lodestone Management Consultants Pty Limited	57,29,775	94,68,614
Lodestone Management Consultants Portugal, Unipessoal, Lda.	12,583	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	83,889	–
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	–	60,151
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	75,44,455	78,49,950
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	7,00,342	14,31,778
Lodestone Management Consultants Inc.	24,57,610	32,21,892
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	47,46,983	1,77,11,320
Lodestone Management Consultants GmbH Austria	1,79,128	3,95,920
Lodestone Management Consultants (Belgium) S.A.	14,15,090	22,89,828
Lodestone Management Consultants BV	6,91,948	15,72,883
	2,35,61,803	4,40,02,336

2.15 Segment Reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'

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Infosys Consulting GmbH

(formerly Lodestone Management Consultants GmbH)

Independent Auditor's Report

To the Members of Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841.

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	December 31, 2015	December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	65,36,435	65,36,435
Reserves and surplus	2.2	29,22,45,731	35,55,93,315
		29,87,82,166	36,21,29,750
CURRENT LIABILITIES			
Short-term borrowings	2.3	14,43,02,976	–
Trade payables	2.4	25,79,63,757	42,73,60,388
Other current liabilities	2.5	1,10,11,53,157	1,90,12,71,913
Short-term provisions	2.6	15,50,15,904	26,79,64,989
		1,65,84,35,794	2,59,65,97,290
		1,95,72,17,960	2,95,87,27,040
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	1,25,98,234	2,24,78,963
		1,25,98,234	2,24,78,963
Long-term loans and advances	2.9	21,21,05,259	16,99,18,683
		22,47,03,493	19,23,97,646
CURRENT ASSETS			
Current investments			
Trade receivables	2.10	95,49,86,885	1,42,56,59,100
Cash and cash equivalents	2.11	39,31,63,599	51,06,13,683
Short-term loans and advances	2.12	38,43,63,983	83,00,56,611
		1,73,25,14,467	2,76,63,29,394
		1,95,72,17,960	2,95,87,27,040
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bangalore
Date: January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)

Michael Dietz
Director

Statement of Profit and Loss

in ₹ , except equity share and per equity share data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from consultancy services		5,71,30,81,095	6,79,60,55,913
Other income	2.13	(21,57,745)	(2,81,32,564)
Total revenue		57,19,23,350	6,76,79,23,349
Expenses			
Employee benefit expenses	2.14	2,64,18,37,211	3,52,59,22,936
Cost of technical sub-contractors	2.14	2,10,94,46,408	2,25,96,44,302
Travelling and conveyance		69,58,32,755	74,20,75,569
Cost of software packages and others – for own use		8,57,833	6,66,653
Communication expenses		4,40,14,317	5,99,79,484
Consultancy and professional charges		17,00,22,652	16,37,18,915
Depreciation and amortisation expense	2.7	97,93,517	98,89,795
Other expenses	2.14	7,59,58,569	10,95,68,001
Interest expense		83,758	–
Total expenses		5,74,78,47,020	6,87,14,65,655
PROFIT / (LOSS) BEFORE TAX		(3,69,23,670)	(10,35,42,306)
Tax expense			
Current tax	2.15	1,47,53,622	6,46,54,560
Deferred tax	2.15	–	–
PROFIT / (LOSS) FOR THE YEAR		(5,16,77,292)	(16,81,96,866)
PROFIT / (LOSS) PER EQUITY SHARE			
Equity shares of par value EUR 50/- each			
Basic		(30,045)	(97,789)
Diluted		(30,045)	(97,789)
Number of shares used in computing earnings per share			
Basic		1,720	1,720
Diluted		1,720	1,720
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)

Michael Dietz
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		(3,69,23,670)	(10,35,42,306)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		97,93,517	98,89,795
Interest and dividend income		(11,307)	–
Interest expense		83,758	–
Provision for bad and doubtful debts		70,35,738	2,12,44,962
Effect of exchange differences on translation of assets and liabilities		(1,02,26,009)	(2,28,22,436)
Other non-cash items		10,52,820	2,09,77,750
Changes in assets and liabilities			
Trade receivables		46,36,36,477	(35,58,28,549)
Loans and advances and other assets		45,66,12,227	(52,96,87,002)
Liabilities and provisions		(95,98,20,500)	1,20,10,23,545
		(6,87,66,949)	24,12,55,759
Income taxes paid		(19,15,56,589)	(6,35,35,839)
NET CASH GENERATED BY OPERATING ACTIVITIES		(26,03,23,538)	17,77,19,920
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(13,57,071)	(1,78,87,310)
Interest and dividend received		11,307	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(13,45,764)	(1,78,87,310)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from parent		14,43,02,976	–
Interest expense		(83,758)	–
NET CASH USED IN FINANCING ACTIVITIES		14,42,19,218	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(11,74,50,084)	15,98,32,610
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		51,06,13,683	35,07,81,073
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		39,31,63,599	51,06,13,683
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore

Date : January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)

Michael Dietz
Director

Significant accounting policies

Company overview

Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the other fixed assets as follows:

Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.7*)

1.11 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

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

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
1,720 equity shares of EUR 50/- par value	65,36,435	65,36,435
Issued, subscribed and paid-up		
1,720 equity shares of EUR 50/- par value	65,36,435	65,36,435
(Of the above, 1,720 equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*		

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below:

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	1,720	100	1,720	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,720	65,36,435	1,720	65,36,435
Number of shares at the end	1,720	65,36,435	1,720	65,36,435

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	5,81,58,445	8,30,72,722
Add: Foreign currency translation during the year	(1,16,70,292)	(2,49,14,277)
Foreign currency translation reserve – closing balance	4,64,88,153	5,81,58,445
Surplus – opening balance	29,74,34,870	46,56,31,736
Add: Net profit / (loss) after tax transferred from Statement of Profit and Loss	(5,16,77,292)	(16,81,96,866)
Surplus – closing balance	24,57,57,578	29,74,34,870
	29,22,45,731	35,55,93,315

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loan [1]	14,43,02,976	–
[1] *Includes dues to holding company (Refer to Note 2.17)*	14,43,02,976	–

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [1]	25,79,63,757	42,73,60,388
	25,79,63,757	42,73,60,388
[1] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	20,78,41,558	37,05,47,774

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	–	6,38,046
Bonus and incentives	16,37,02,002	16,99,85,853
Unearned revenue	5,21,94,719	16,14,24,518
Other liabilities		
Employee advances	–	–
Provision for expenses	62,27,29,712	46,50,21,684
Withholding and other taxes payable	19,21,39,139	60,23,30,444
Advances received from clients	92,25,750	5,36,130
Other payables [1]	6,11,61,835	50,13,35,238
	1,10,11,53,157	1,90,12,71,913
[1] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	6,00,37,150	48,51,26,832

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	13,14,72,899	12,00,74,662
Others		
Proposed provisions		
Provision for post sales client support and warranties	2,35,43,005	2,41,93,535
Income taxes (net of advance tax and tax deducted at source)	–	12,36,96,792
	15,50,15,904	26,79,64,989

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties is as follows

in ₹

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	2,41,93,535	49,52,248
Provision recognized / (reversal)	10,52,820	2,09,77,750
Provision utilized	–	–
Exchange difference during the period	(17,03,350)	(17,36,463)
Balance at the end	2,35,43,005	2,41,93,535

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets					Total
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
Original cost						
As at January 1, 2015	2,57,456	3,20,456	5,84,19,749	1,03,98,546	6,94,846	7,00,91,053
Additions during the year	–	–	13,57,071	–	–	13,57,071
Deductions / adjustments / retirements during the year	(15,060)	(54,517)	(1,13,90,187)	(6,36,871)	(40,644)	(1,21,37,279)
As at December 31, 2015	2,42,396	2,65,939	4,83,86,633	97,61,675	6,54,202	5,93,10,845
Depreciation and amortization						
As at January 1, 2015	21,584	3,20,456	4,06,66,403	65,01,991	1,01,656	4,76,12,090
For the year	47,690	–	80,41,026	15,76,091	1,28,710	97,93,517
Deductions / adjustments / retirements during the year	(573)	(54,517)	(1,02,52,341)	(3,81,480)	(4,085)	(1,06,92,996)
As at December 31, 2015	68,701	2,65,939	3,84,55,088	76,96,602	2,26,281	4,67,12,611
Net book value						
As at December 31, 2015	1,73,695	–	99,31,545	20,65,073	4,27,921	1,25,98,234

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets					Total
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
Original cost						
As at January 1, 2014	–	3,56,062	5,01,41,104	85,69,129	–	5,90,66,295
Additions during the year	2,71,991	–	1,40,43,247	28,37,996	7,34,076	1,78,87,310
Deductions / adjustments / retirements during the year	(14,535)	(35,606)	(57,64,602)	(10,08,579)	(39,230)	(68,62,552)
As at December 31, 2014	2,57,456	3,20,456	5,84,19,749	1,03,98,546	6,94,846	7,00,91,053
Depreciation and amortization						
As at January 1, 2014	–	3,56,062	3,69,36,504	52,00,440		4,24,93,006
For the year	21,871	–	78,49,930	19,12,345	1,05,649	98,89,795
Deductions / adjustments / retirements during the year	(287)	(35,606)	(41,20,031)	(6,10,794)	(3,993)	(47,70,711)
As at December 31, 2014	21,584	3,20,456	4,06,66,403	65,01,991	1,01,656	4,76,12,090
Net book value						
As at December 31, 2014	2,35,872	–	1,77,53,346	38,96,555	5,93,190	2,24,78,963

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful lives of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the period	2,63,44,549	1,47,26,084

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	1,66,48,949	87,24,826
Due in a period between one year and five years	3,28,57,931	3,48,99,306
Due after five years	2,76,78,243	3,82,43,823

The operating lease arrangements, are renewable on a periodic basis and extend up to a maximum of nine years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Advance income taxes	8,87,75,591	3,56,69,416
Loans and advances to employees	12,33,29,668	13,42,49,267
	21,21,05,259	16,99,18,683

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	2,54,15,035	–
Less: Provision for doubtful debts	2,54,15,035	–
	–	–
Other Debts		
Unsecured		
Considered good[(1)]	95,49,86,885	1,42,56,59,100
Considered doubtful	5,44,899	2,01,66,214
	95,55,31,784	1,44,58,25,314
Less: Provision for doubtful debts	5,44,899	2,01,66,214
	95,49,86,885	1,42,56,59,100
	95,49,86,885	1,42,56,59,100
(1) Includes dues from fellow subsidiaries (refer to note 2.17)	27,07,11,576	50,19,35,246

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	25,699	81,784
Balances with banks		
In current accounts	39,31,37,900	51,05,31,899
	39,31,63,599	51,06,13,683

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Commerzbank (EURO)	39,31,37,900	51,05,31,899
Commerzbank (USD)	–	–
Total bank balances	39,31,37,900	51,05,31,899

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	1,66,183	32,34,098
Withholding and other taxes receivable	4,86,16,038	48,71,02,339
Others [(1)]	1,14,83,561	1,68,30,191
	6,02,65,782	50,71,66,628
Unbilled revenues	30,69,20,278	31,33,97,339
Loans and advances to employees		
Salary advances	23,59,387	919
Rental deposits	1,48,18,536	94,91,725
	38,43,63,983	83,00,56,611
(1) Includes dues from fellow subsidiaries (Refer to Note 2.17)	1,14,83,561	1,14,83,561

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	11,307	–
Miscellaneous income, net	10,65,727	1,47,607
Gains / (losses) on foreign currency, net	(32,34,779)	(2,82,80,171)
	(21,57,745)	(2,81,32,564)

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	2,62,97,95,312	3,51,65,80,365
Staff welfare	1,20,41,899	93,42,571
	2,64,18,37,211	3,52,59,22,936
Cost of technical sub-contractors		
Technical sub-contractors – related parties	1,03,74,15,720	1,28,54,87,109
Technical sub-contractors – others	1,07,20,30,688	97,41,57,193
	2,10,94,46,408	2,25,96,44,302
Communication expenses		
Telephone charges	4,40,14,317	5,99,79,484
	4,40,14,317	5,99,79,484
Other expenses		
Office maintenance	36,80,796	56,56,126

Particulars	Year ended December 31,	
	2015	2014
Power and fuel	9,30,468	15,15,395
Brand building	11,76,922	72,25,040
Rent	2,63,44,549	1,47,26,084
Rates and taxes, excluding taxes on income	55,44,725	26,04,338
Repairs to plant and machinery	35,854	21,213
Computer maintenance	7,24,665	18,76,988
Insurance charges	20,36,085	4,43,351
Provision for post-sales client support and warranties	10,52,820	2,09,77,750
Provision for bad and doubtful debts and advances	70,35,738	2,12,44,962
Auditor's remuneration		
Statutory audit fees	–	82,51,140
Bank charges and commission	9,07,681	13,00,697
Miscellaneous Expenses	2,64,88,266	2,37,24,917
	7,59,58,569	10,95,68,001

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	1,47,53,622	6,46,54,560
Deferred taxes	–	–
	1,47,53,622	6,46,54,560

2.16 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.17 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(1)]	Czech Republic
Infosys BPO (Poland) Sp Z.o.o [(1)]	Poland
Infosys BPO S.DE R.L. DE.C.V [(1)(2)]	Mexico
Infosys McCamish Systems LLC [(1)]	U.S.
Portland Group Pty Ltd[(1)]	Australia
Portland Procurement Services Pty Ltd[(5)]	Australia
Infosys BPO Americas LLC.[(1)(16)]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)]	Australia
EdgeVerve Systems Limited (EdgeVerve) [(7)]	India
Lodestone Management Consultants Inc. [(3)]	U.S.
Lodestone Management Consultants Pty Limited[(3)]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [(3)]	Switzerland
Lodestone Augmentis AG [(2)(6)]	Switzerland
Hafner Bauer & Ödman GmbH [(2)(3)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(4)]	Belgium
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [(3)]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [(3)]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [(3)]	Czech Republic
Lodestone Management Consultants GmbH [(3)]	Austria
Lodestone Management Consultants Co., Ltd. [(3)]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [(3)]	UK
Lodestone Management Consultants B.V. [(3)]	Netherlands
Lodestone Management Consultants Ltda. [(4)]	Brazil
Lodestone Management Consultants Sp. z o.o. [(3)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)]	Portugal

Name of fellow subsidiaries	Country
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC. (Infosys Nova)(9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd.(11)	Israel
Panaya Gmbh(11)	Germany
Panaya Pty Ltd.(11)	Australia
Panaya Japan Co. Ltd.(11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems)(12)	India
Kallidus Inc. (Kallidus)(13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade Receivables		
Lodestone Management Consultants Inc.	1,46,81,882	1,60,91,932
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	4,27,16,100	12,18,55,875
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	–	10,63,399
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	4,43,72,924	3,52,67,119
Lodestone Management Consultants GmbH	33,81,957	–
Lodestone Management Consultants China Co., Ltd.	–	1,99,134
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	16,29,74,985	30,82,28,750
Lodestone Management Consultants B.V.	25,83,728	1,92,29,037
Total	27,07,11,576	50,19,35,246
Trade Payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	7,76,82,499	8,10,03,706
Lodestone Management Consultants (Belgium) S.A.	63,30,195	88,69,209
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	2,52,72,188	56,56,694
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	1,55,00,248
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,88,43,806	13,08,58,368
Lodestone Management Consultants B.V.	54,95,219	2,34,81,377
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	76,50,303
Lodestone Management Consultants Sp. z.o.o.	4,55,02,748	2,95,52,248
Lodestone Management Consultants Portugal, Unipessoal, Lda.	64,67,654	1,30,79,771
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	1,73,05,059	3,99,72,241
Lodestone Management Consultants Ltda.	1,63,562	47,08,595
Lodestone Management Consultants China Co., Ltd.	47,78,628	1,02,15,014
Total	20,78,41,558	37,05,47,774
Other Payables		
Infosys Limited	75,05,776	79,72,090
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	2,41,91,399	2,12,35,752
Lodestone Management Consultants China Co., Ltd.	29,34,758	–
Lodestone Management Consultants Sp. z.o.o.	2,01,52,738	–
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	144	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	44,84,58,151
Lodestone Management Consultants Inc.	–	29,47,971
Lodestone Management Consultants Inc.	52,52,335	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	45,12,868
Total	6,00,37,150	48,51,26,832
Other Receivables		

Particulars	As at December 31,	
	2015	2014
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	10,13,031	9,71,805
Lodestone Management Consultants Ltda.	35,99,666	–
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	17,93,687	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	18,53,029	–
Lodestone Management Consultants Sp. z.o.o.	32,24,148	–
Lodestone Management Consultants China Co., Ltd.	–	1,57,05,206
Total	1,14,83,561	1,66,77,011
Unsecured Loan		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	14,43,02,976	–
	14,43,02,976	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital Transactions:		
Unsecured Loan Taken		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	14,43,02,976	–
Total	14,43,02,976	–
Revenue transactions:		
Purchase of services including shared personnel and facilities		
Lodestone Management Consultants GmbH	4,76,53,556	3,36,542
Lodestone Management Consultants (Belgium) S.A.	4,64,97,830	7,75,44,098
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	24,07,57,552	44,08,89,480
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	11,06,36,019	7,49,69,876
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	8,84,66,159	22,77,58,868
Lodestone Management Consultants B.V.	2,48,48,053	3,15,62,766
Lodestone Management Consultants Sp. z.o.o.	26,46,75,561	25,90,25,848
Lodestone Management Consultants Portugal, Unipessoal, Lda.	3,98,74,282	5,29,63,234
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	12,30,22,011	9,55,31,767
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	–	64,48,160
Lodestone Management Consultants Inc.	1,04,96,725	27,48,548
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	8,84,66,832
Lodestone Management Consultants China Co., Ltd.	8,65,94,462	4,34,05,631
Lodestone Management Consultants Ltda.	1,88,926	50,39,719
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	97,80,466	84,78,714
Total	1,09,34,91,602	1,41,51,70,083
Sales of services		
Infosys Limited	–	4,17,30,086
Lodestone Management Consultants (Belgium) S.A.	35,44,620	2,87,04,269
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	68,16,43,337	85,59,92,346
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	1,08,63,644	3,85,86,526
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	64,26,58,299	70,45,15,357
Lodestone Management Consultants Inc.	10,15,67,088	4,23,32,365
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	1,83,39,354	57,53,792
Lodestone Management Consultants B.V.	1,72,17,919	2,40,38,016
Lodestone Management Consultants Ltda.	34,26,505	–
Lodestone Management Consultants China Co., Ltd.	–	2,08,364
Total	1,47,92,60,766	1,74,18,61,121
Interest expense		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	83,758	–
Total	83,758	–

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Infosys Management Consulting Pty Ltd

(Formerly Lodestone Management Consultants Pty Ltd)

ABN 41 105 094 193

Annual special purpose financial report

For the financial year ended 31 December 2015

Statement of financial position

In dollars	Note	2015	2014
Assets			
Cash and cash equivalents	8	76,373	687,521
Trade and other receivables	9	4,377,579	4,306,262
Other assets		2,880	18,257
Total current assets		4,456,832	5,012,040
Property, plant and equipment	10	295,516	389,262
Net deferred tax assets	7a	–	839,808
Total non-current assets		295,516	1,229,070
Total assets		4,752,348	6,241,110
Liabilities			
Trade payables	11	(113,097)	(255,415)
Other payables	12	(2,752,757)	(2,004,346)
Loans and borrowings	15	(3,241,073)	(3,724,699)
Current tax liabilities		–	(121,673)
Provisions	14	(2,235,244)	(1,695,705)
Deferred income	13	(22,583)	(52,238)
Total current liabilities		(8,364,754)	(7,854,076)
Employee benefit obligations	14	(118,129)	(86,023)
Total non-current liabilities		(118,129)	(86,023)
Total liabilities		(8,482,883)	(7,940,099)
Deficiency in net assets		(3,730,535)	(1,698,989)
Equity			
Share capital	16	300	300
Accumulated losses		(3,730,835)	(1,699,289)
Deficiency in equity		(3,730,535)	(1,698,989)

The notes form integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2015

In dollars	Note	2015	2014
Revenue	5	29,014,261	30,055,111
Cost of sales	6b	(27,274,371)	(27,105,207)
Gross profit		1,739,890	2,949,904
Administrative expenses	6d	(776,040)	(744,483)
Other expenses	6c	(1,902,009)	(1,283,376)
Operating profit		(938,159)	922,045
Finance income	6a	2,440	8,118
Finance costs	6a	(164,360)	(480,952)
Net finance costs		(161,920)	(472,834)
(Loss) / Profit before tax		(1,100,079)	449,211
Income tax expense	7b	(931,467)	(244,226)
(Loss) / Profit for the year		(2,031,546)	204,985
Other comprehensive income			
Items that will never be reclassified to profit or loss:		–	–
Items that are or may be reclassified subsequently to profit or loss:		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive (loss) / income		(2,031,546)	204,985

The notes form integral part of these financial statements.

Statement of changes in equity

For the financial year ended 31 December 2015

In dollars	Share capital	Accumulated losses	Deficiency in Equity
Balance at 1 January 2014	300	(1,904,274)	(1,903,974)
Total other comprehensive income	-	-	-
Profit for the year	-	204,985	204,985
Total comprehensive income	-	204,985	204,985
Transactions with owners of the Company			
Issue of ordinary shares	-	-	-
Dividends to equity holder	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at 31 December 2014	300	(1,699,289)	(1,698,989)
Balance at 1 January 2015	300	(1,699,289)	(1,698,989)
Total other comprehensive income	-	-	-
Loss for the year	-	(2,031,546)	(2,031,546)
Total comprehensive loss	-	(2,031,546)	(2,031,546)
Transactions with owners of the Company			
Issue of ordinary shares	-	-	-
Dividends to equity holder	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at 31 December 2015	300	(3,730,835)	(3,730,535)

The notes form integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2015

In dollars	Note	2015	2014
Cash flows from operating activities			
Cash receipts from customers		31,830,091	52,032,333
Cash paid to suppliers and employees		(31,548,962)	(49,977,704)
Cash generated from operations		281,129	2,054,629
Interest (paid)/received net	6a	(116,821)	(171,898)
Income tax paid		(213,332)	-
Net cash (used in)/from operating activities	18	(49,024)	1,882,731
Cash flows from investing activities			
Purchase of property, plant and equipment		(78,498)	(183,936)
Net cash used in investing activities		(78,498)	(183,936)
Cash flows from financing activities			
Repayment of borrowings from holding company		(483,626)	(1,323,847)
Net cash used in financing activities		(483,626)	(1,323,847)
Net (decrease)/(increase) in cash and cash equivalents		(611,148)	374,948
Cash and cash equivalents at 1 January		687,521	312,573
Cash and cash equivalents as at 31 December		76,373	687,521

The notes form integral part of these financial statements..

Significant accounting policies

For the financial year ended 31 December 2015

1. Reporting entity

Infosys Management Consulting Pty Ltd (the "Company"), previously Lodestone Management Consultants Pty Ltd, is a company domiciled in Australia, whereby the Company's name was changed on 1 February 2016. The address of the Company's registered office is Level 10, 77 Pacific Highway. PO box 1885 North Sydney, NSW 2060 Australia. The financial statements of the Company are as at and for the year ended 31 December 2015. The Company is a for-profit entity and is primarily involved in specialised IT consulting service.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

The special purpose financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial report does not include the disclosure requirements of all AASB's except the following minimum requirements:

AASB 101	Presentation of financial statements
AASB 107	Cash flow statements
AASB 108	Accounting Policies, Change in Accounting Estimates and Errors
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

The annual financial statements were authorised by the directors on 29th day of April 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, 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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(e) Going concern

The Company generated a loss after tax for the year ended 31 December 2015 of $2,031,546 (2014: profit after tax of $204,985). At 31 December 2015, the Company's current liabilities exceeded its current assets by $3,907,922 (2014: current asset deficiency of $2,842,036) and the Company has a net asset deficiency of $3,730,535 (2014: net asset deficiency of $1,698,989).

Notwithstanding the net current asset deficiency and net asset deficiency at 31 December 2015 the Directors consider that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- the parent entity, Infosys Consulting Holding AG., has formally agreed to provide continued financial support to the Company that is irrevocable until such time as the Company has positive working capital and produces positive operating cashflows; and
- the Directors have also received confirmation from the Company's parent entity, Infosys Consulting Holding AG, that the related party payable of $3,241,073 (note 15) will not be called for repayment for a period of at least 12 months from the date that the annual financial report of Infosys Management Consulting Pty Ltd (previously Lodestone Management Consultants Pty Ltd) is signed in respect of the financial year ending 31 December 2015, or until such time as the loan can be repaid.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss .

(b) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments in the current liabilities on the balance sheet.

(ii)Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

(iii)Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

(c) Property, plant and equipment

(i)Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii)Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii)Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvement/ installation	5 years
IT equipment	3 years
Office machine	2 years
Furniture	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets

(i)Other intangible assets - software

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii)Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii)Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Impairment

(i)Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii)Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Employee benefits

(i)Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee expense in profit and loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii)Long term employee benefits

The Company's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bond rates that have maturity dates approximating the terms of the Company's obligations.

(iii)Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv)Short term benefits

Short-term employee benefit obligations are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

If the amount of the leave is expected to be settled beyond 12 months from the reporting date, the amount is measured in accordance with a long term benefit as noted above (note 3(f)(ii)).

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i)Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with the contract.

(h) Revenue

(i)Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed (fixed price contracts).

Client contracts are billed based on time & material and are invoiced monthly based on the rendered hours and expenses for the individual project/client. If not invoiced, an accrual (work in progress) is calculated.

(ii)Contracts in progress

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs plus profits recognised to date less progress billings and recognised losses.

Contracts in progress are presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses (note 9). If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as deferred income/revenue in the statement of financial position. Customer advances are presented as deferred income/ revenue in the statement of financial position (note 13).

(i)Leases

(i)Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii)Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

(j)Finance income and finance costs

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of financial assets at fair value through profit or loss (except impairment on trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(k)Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l)Goods and service tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m)New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, and AASB 15 Revenue from Contracts with Customers, which replaces revenue recognition guidance included in AASB 118 Revenue and AASB 111 Construction Contracts, which could change the measurement and recognition of revenue. These standards become mandatory for the Company's 2019 financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i)Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress is estimated as the present value of future cash flows, discounted at the market rate of interest.

(ii)Other non-derivative financial liabilities

Fair value, which is calculated based on the present value of future principal and interest cash flows, is discounted at the market rate of interest at the reporting date.

Notes to the financial statements

5. Revenue

In dollars	2015	2014
Related party revenue	26,912,438	24,763,074
Third party revenue	2,101,823	5,292,037
Total	29,014,261	30,055,111

At 31 December 2015 the Company has deferred revenue of $22,583 (2014: $52,238), which represents the fair value of that portion of the revenue. Refer to note 13.

6a. Finance income and finance costs

In dollars	2015	2014
Finance income		
Interest received	2,440	8,118
	2,440	8,118
Finance costs		
Interest expense on loan and borrowings	(119,261)	(180,016)
Net unrealised/realised foreign currency loss	(45,099)	(300,936)
	(164,360)	(480,952)
Net finance (expense)	(161,920)	(472,920)

6b. Cost of sales

In dollars	2015	2014
Travel	815,704	792,479
Employee benefits expense	18,167,416	15,188,867
External contractor expense	8,291,251	11,123,861
	27,274,371	27,105,207

6c. Other Expenses

In dollars	2015	2014
Depreciation expense	172,244	300,766
Other expense	1,729,765	982,610
	1,902,009	1,283,376

6d. Administrative expenses

In dollars	2015	2014
Communications	324,836	219,869
Legal and accounting	59,201	168,476
Back office expense	38,240	63,160
Employee benefit expense	353,763	292,978
	776,040	744,483

6e. Employee expense

In dollars	2015	2014
Employee salary	13,766,138	11,118,443
Employee bonus	1,402,805	1,555,874
Annual leave and long service leave	776,881	743,524
Superannuation	1,420,244	1,232,478
Other employee related expenses	1,304,048	956,186
	18,670,116	15,606,505

7. Tax (expense)/ benefit

(a) Deferred tax asset

In dollars	2015	2014
Deferred tax assets – timing differences	-	839,808
Deferred tax liabilities	-	-
	-	839,808

(b) Reconciliation of effective tax rate

In dollars	2015	2014
Profit before tax	(1,100,079)	449,212
Tax using the Company's domestic tax rate of 30% (2014: 30%)	(330,024)	134,764
Non deductible expenses	-	7,264
Derecognition of previously recognised timing differences	839,808	-
Derecognition of the current period tax losses and temporary differences	330,023	-
Under / over provision for the year	91,660	102,198
Income tax expense for the year	931,467	244,226

8. Cash and cash equivalents

In dollars	2015	2014
Cash and cash equivalents	76,373	687,521

9. Trade and other receivables

In dollars	2015	2014
Trade receivable due from related party	3,839,620	3,080,528
Trade receivable – external parties	352,106	726,316
Other receivables	92,455	122,359
Work in progress	93,398	377,059
	4,377,579	4,306,262

10. Property, plant and equipment

In dollars	Leasehold improvement/ installation	IT Equipment / Office machines	Furniture	Total
Cost				
Balance at 1 January 2014	540,402	338,315	24,079	902,796
Additions	10,724	141,904	31,308	183,936
Disposals/write off	-	(1,660)	-	(1,660)
Balance at 31 December 2014	551,126	478,559	55,387	1,085,072
Depreciation and impairment losses				
Balance at 1 January 2014	(153,887)	(219,978)	(22,842)	(396,704)
Depreciation for the year	(118,913)	(167,995)	(13,858)	(300,766)
Disposals/write off	-	1,660	-	1,660
Balance at 31 December 2014	(272,800)	(386,310)	(36,700)	(695,810)
Carrying amounts				
at 1 January 2014	386,515	118,340	1,237	506,092
at 31 December 2014	278,326	92,249	18,687	389,262

In dollars	Leasehold improvement/ installation	IT Equipment / Office machines	Furniture	Total
Cost				
Balance at 1 January 2015	551,126	478,559	55,387	1,085,072
Additions	-	78,498	-	78,498
Disposals/write off	-	(294,859)	-	(294,859)
Balance at 31 December 2015	551,126	262,198	55,387	868,711
Depreciation and impairment losses				
Balance at 1 January 2015	(272,800)	(386,310)	(36,700)	(695,810)
Depreciation for the year	(107,620)	(60,017)	(4,607)	(172,244)
Disposals/write off	-	294,859	-	294,859
Balance at 31 December 2015	(380,420)	(151,468)	(41,307)	(573,195)

In dollars	Leasehold improvement/ installation	IT Equipment / Office machines	Furniture	Total
Carrying amounts				
at 1 January 2015	278,326	92,249	18,687	389,262
at 31 December 2015	170,706	110,730	14,080	295,516

11. Trade payables

In dollars	2015	2014
Trade payables due from related party	69,208	255,415
Other trade payables	43,889	-
	113,097	255,415

12. Other payables

In dollars	2015	2014
Accrued superannuation expense	461,083	330,072
Accrued bonus	680,617	472,298
Accrued subcontractor expenses	799,895	890,069
Accrued provision for fixed price project	4,560	1,963
Other accruals	235,322	127,159
Payroll tax	95,560	68,614
Other payable	22,365	-
GST payable	141,087	101,041
Payroll deduction payable	12,268	13,130
Payable – Infosys Consulting Holding AG (related party)	300,000	-
	2,752,757	2,004,346

13. Deferred income/revenue

In dollars	2015	2014
Revenue billed in advance	22,583	52,238
	22,583	52,238

14. Provisions

Employee benefits

In dollars	2015	2014
Current		
Annual leave	1,807,128	1,233,912
Long service leave	428,116	461,793
Total current	2,235,244	1,695,705
Non-current		
Long Service leave	118,129	86,023
Total non-current	118,129	86,023
Total employee provisions	2,353,373	1,781,728

15. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

In dollars	2015	2014
Current liabilities		
Loan due to Infosys Consulting Holding AG	3,241,073	3,724,699
	3,241,073	3,724,699

Interest is payable at 3.5% pa. As per the letter of support received on 26 April 2016 from Lodestone Holding AG, repayment will not be sought or demanded for at least one year from the date of this financial report. Refer to note 2(e) for further details.

16. Capital and reserves

Share capital

In shares	2015	2014
On issue at 1 January	300	300
On issue at 31 December	300	300

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

No dividend was paid during the year, and no proposed dividend has been made or anticipated at the date of this report (2014: $nil).

Dividend franking account

In dollars	2015	2014
30 per cent franking credits available to shareholders of Infosys Management Consulting Pty Ltd for subsequent financial years	549,782	458,122
	549,782	458,122

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a. franking credits/ debits that will arise from the payment/ receipts of the current tax liabilities/ assets;

b. franking debits that will arise from the payment of dividends recognized as a liability at the year-end;

c. franking credits that will arise from the receipt of dividends recognized as receivables by the tax consolidated group at the year-end; and

d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

17. Auditors' remuneration

In dollars	2015	2014
KPMG Australia		
Audit of financial reports	30,510	30,452
Other services	-	64,352
Total	30,510	94,804

18. Reconciliation of cash flow from operating activities

In dollars	2015	2014
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
(Loss)/Profit for the year after tax	(2,031,546)	204,985
Adjustments for:		
Depreciation expense	172,244	300,766
Income tax expense	931,467	244,226
Operating profit before changes in working capital	(927,835)	749,977
(Increase)/decrease trade and other receivables	(55,940)	19,473,104
Increase/(decrease) trade and other payables	606,093	(18,672,613)
Increase/(decrease) in provision and employee benefits	571,645	738,743
Increase/(decrease) in deferred revenue	(29,655)	(406,480)
Income tax paid	(213,332)	-
Net cash from operating activities	(49,024)	1,882,731

19. Related party transactions

Transactions between related parties are on normal commercial terms and no more favourable than those available to other parties unless otherwise stated. International transactions with related entities in the group were as follows:

(a) The Company received revenue in accordance with chargeable hours and recovery allocations of Australian employees working on overseas assignments for $1,590,074 (2014: $355,794) and working on Infosys Limited assignments for $25,322,364 (2014: $24,407,279).

(b) The Company was charged interest on advances made to it from the holding company for $119,261 (2014: $180,016).

(c) The Company paid the cost of chargeable hours and recovery allocation of international employees working on Australian assignments for $48,905 (2014: $270,478).

(d) The Company has been charged management fees which includes the recovery of the training and licences, international employees and a general management fee in accordance with the Infosys Group's transfer pricing benchmark report for $278,659 (2014: $317,123).

20. Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows.

In dollars	2015	2014
Less than one year	208,071	208,071
Between one and five years	54,520	262,592
Total	262,591	470,663

21. Ultimate parent entity

As at, and throughout the financial year ending 31 December 2015, the parent entity of the Company was Infosys Consulting Holding AG, incorporated in Switzerland, and the ultimate parent is Infosys Ltd., India.

22. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

23. Capital management

The Board's policy is to improve its capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is net asset deficient as at 31 December 2015, due to accumulated losses from 2011, 2012 and 2015. The Board of Directors will continue to monitor the return on capital, and level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantaged and security offered by a sound capital position. There were no changes to the Group's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements, other than any requirements that exist by way of arrangements entered into by the Company's ultimate parent entity.

Independent audit report to the members of Infosys Management Consulting Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Infosys Management Consulting Pty Ltd (the company), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the special purpose financial report that gives a true and fair view and have determined that the basis of preparation described in Notes 1 to 3 to the financial statements is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 3 to the financial statements so as to present a true and fair view which is consistent with our understanding of the company's financial position, and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Infosys Management Consulting Pty Ltd on 28 April 2016, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent audit report to the members of Infosys Management Consulting Pty Ltd (continued)

Auditor's opinion

In our opinion the financial report of Infosys Management Consulting Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

Basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

KPMG

Dana Bentley
Partner

Melbourne
29 April 2016

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Infosys Consulting AG

(formerly Lodestone Management Consultants AG)

Independent Auditor's Report

To the Members of Infosys Consulting AG (formerly Lodestone Management Consultants AG).

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Consulting AG (formerly Lodestone Management Consultants AG). ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

for Shenoy & Kamath
Chartered accountants,
Firm's registration number: 006673S

Place: Bangalore
Date: January 8, 2016

M. Rathnakar Kamath
Partner
Membership number: 202841

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	57,30,000	57,30,000
Reserves and surplus	2.2	85,88,96,073	36,55,65,516
		86,46,26,073	37,12,95,516
CURRENT LIABILITIES			
Short-term borrowings	2.3	33,52,23,444	53,97,31,792
Trade payables	2.4	45,88,36,598	43,42,15,175
Other current liabilities	2.5	1,83,48,69,350	1,31,67,55,956
Short-term provisions	2.6	51,54,85,569	39,39,25,561
		3,14,44,14,961	2,68,46,28,484
		4,00,90,41,034	3,05,59,24,000
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	8,94,19,903	15,64,42,608
Intangible assets		–	–
		8,94,19,903	15,64,42,608
Non-current investments	2.9	90,18,145	58,05,145
Long-term loans and advances	2.10	7,41,26,684	10,26,72,312
		17,25,64,732	26,49,20,065
CURRENT ASSETS			
Trade receivables	2.11	1,91,31,20,768	1,71,02,79,529
Cash and cash equivalents	2.12	50,53,06,072	33,20,93,769
Short-term loans and advances	2.13	1,41,80,49,462	74,86,30,637
		3,83,64,76,302	2,79,10,03,935
		4,00,90,41,034	3,05,59,24,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Consulting AG (formerly Lodestone Management Consultants AG).

M. Rathnakar Kamath
Partner
Membership number : 202841

Jürgen Bauer
Director

Place : Bangalore

Date : January 8, 2016

Statement of Profit and Loss

in ₹ except per shared data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from consultancy services		9,78,00,52,421	8,75,08,76,385
Other income	2.14	22,09,21,860	13,31,56,399
Total revenue		10,00,09,74,281	8,88,40,32,784
Expenses			
Employee benefit expenses	2.15	4,20,40,61,657	3,70,85,09,133
Cost of technical sub-contractors	2.15	3,91,51,10,822	3,63,30,76,445
Travelling and conveyance	2.15	56,55,69,714	46,98,12,428
Cost of software packages and others	2.15	3,18,27,973	3,80,25,132
Communication expenses	2.15	5,59,21,004	4,77,46,327
Consultancy and professional charges		11,17,22,002	10,04,63,057
Depreciation and amortization expense	2.7	6,80,94,700	6,95,22,497
Other expenses	2.15	20,49,19,354	23,61,59,058
Finance cost		56,31,841	1,66,25,271
Total expenses		9,16,28,59,067	8,31,99,39,348
PROFIT BEFORE TAX		83,81,15,214	56,40,93,436
Tax expense :			
Current tax	2.16	20,21,81,589	30,50,07,117
Deferred tax	2.16	–	–
PROFIT FOR THE YEAR		63,59,33,625	25,90,86,319
EARNINGS PER EQUITY SHARE			
Equity shares of par value CHF 100/- each			
Basic and diluted		5,29,945	2,15,905
Number of shares used in computing earnings per share			
Basic and diluted		1,200	1,200
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Consulting AG (formerly Lodestone Management Consultants AG).

M. Rathnakar Kamath
Partner
Membership number : 202841

Jürgen Bauer
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars		Year ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		83,81,15,214	56,40,93,436
Adjustments to reconcile profit before tax to cash provided by operating activities			
Provision for doubtful debts		55,74,788	52,86,280
Depreciation and amortization expense		6,80,94,700	6,95,22,497
Loss on sale of assets		1,43,57,306	1,15,36,075
Finance cost		56,31,841	1,66,25,271
Interest and dividend income		–	(98,246)
Provision for post-sales client support		9,90,963	96,07,049
Effect of exchange differences on translation of assets and liabilities		1,15,65,932	1,04,41,335
Changes in assets and liabilities			
Trade receivables		(20,84,16,027)	(10,42,31,467)
Loans and advances and other assets		(66,16,82,606)	(45,06,16,193)
Liabilities and provisions		60,59,11,017	34,82,67,642
		68,01,43,128	48,04,33,679
Income taxes paid		(12,39,79,335)	(3,49,80,138)
NET CASH GENERATED BY OPERATING ACTIVITIES		55,61,63,793	44,54,53,541
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,38,81,328)	(5,08,97,265)
Proceeds from sale of assets		(15,47,973)	83,26,985
Investments in subsidiaries		(32,13,000)	–
Interest and dividend received		–	98,246
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		1,86,42,301	(4,24,72,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in loan from parent		(20,45,08,348)	(4,42,87,867)
Finance cost		(56,31,841)	(1,66,25,271)
Dividends paid		(15,41,69,000)	(8,67,49,000)
NET CASH USED IN FINANCING ACTIVITIES		(36,43,09,189)	(14,76,62,138)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		17,32,12,303	25,53,19,369
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		33,20,93,769	7,67,74,400
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		50,53,06,072	33,20,93,769
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Consulting AG
(formerly Lodestone Management Consultants AG).

M. Rathnakar Kamath
Partner
Membership number : 202841

Jürgen Bauer
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Infosys Consulting AG (formerly Lodestone Management Consultants AG) ('the Company') is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or its revision requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change periodically. Actual results could differ from those estimates. Appropriate changes in estimates are made based on changes in circumstances surrounding the estimates and are reflected with material effects, if any, in the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably that may require an outflow of economic benefits to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made, when no reliable estimate can be made, or when a possible or a present obligation may require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in the Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the other fixed assets as follows:

Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence , the useful lives for these assets is different from those prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual value are reviewed at each reporting date (*Refer to Note 2.7*)

1.12 Impairment

The Management periodically assesses, using external and internal sources, that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements in Indian rupees is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a yearly basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and, thereafter, a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash-on-deposit with banks.

1.17 Cash flow statement

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

1.18 Leases

Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and loss account over the lease term.

1.19 Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received. Government grants related to depreciable assets are treated as deferred income and are recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

1.20 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
1,200 (1,200) equity shares of CHF 100/- par value	57,30,000	57,30,000
[Of the above, 1,200 (1,200) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]		
Issued, subscribed and paid-up		
1,200 (1,200) equity shares of CHF 100/- par value	57,30,000	57,30,000
[Of the above, 1,200 (1,200) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone Holding AG)]	57,30,000	57,30,000

The Company declares and pays dividend in Swiss Francs. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended December 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders was CHF 1916.67. The total dividend appropriation for the year ended December 31, 2015 amounted to CHF 2.3 million.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are as follows :

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,200	100	1,200	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is as follows :

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,200	57,30,000	1,200	57,30,000
Number of shares at the end	1,200	57,30,000	1,200	57,30,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Currency translation reserve	13,21,63,569	13,53,47,481
Add: Movement during the year	1,15,65,932	(31,83,912)
Currency translation reserve	14,37,29,501	13,21,63,569
Legal reserve – opening balance	28,65,000	28,65,000
Add: Transfer during the year	–	–
Legal reserve – closing balance	28,65,000	28,65,000
Surplus – opening balance	23,05,36,947	5,81,99,628
Add: Net profit after tax transferred from Statement of Profit and Loss	63,59,33,625	25,90,86,319
Amount available for appropriation	86,64,70,572	31,72,85,947
Appropriations:		
Dividend paid to holding company	15,41,69,000	8,67,49,000
Surplus – closing balance	71,23,01,572	23,05,36,947
	85,88,96,073	36,55,65,516

2.3 Unsecured loans

in ₹

Particulars	As at December 31,	
	2015	2014
Loan from related party – unsecured[(1)]	33,52,23,444	53,97,31,792
	33,52,23,444	53,97,31,792

[(1)] *Refer to Note 2.18*

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables (1)	45,88,36,598	43,42,15,175
	45,88,36,598	43,42,15,175
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	27,94,84,993	27,65,13,508

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	6,91,002	–
Bonus and incentives	13,11,94,863	17,04,23,302
Unearned revenue	44,95,92,087	22,42,01,314
Other liabilities		
Provision for expenses (1)	37,92,14,656	14,65,25,167
Withholding and other taxes payable	44,92,66,496	41,29,94,962
Other payables (1)	31,79,71,178	27,91,05,365
Advances received from clients	10,69,39,068	8,35,05,846
	1,83,48,69,350	1,31,67,55,956
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	68,806	82,67,497
	30,97,20,377	25,26,94,799

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	15,62,96,237	9,35,60,987
Other provisions		
Provision for post-sales client support and warranties	1,73,29,326	1,58,97,413
Provision for income taxes	34,18,60,006	28,44,67,161
	51,54,85,569	39,39,25,561

Provision for post-sales client support and warranties.

in ₹

Particulars	Year ended December 31,	
	2015	2014
Balance at the beginning	1,58,97,413	77,97,817
Provision recognized / (reversed)	9,90,963	96,07,049
Provision utilized	–	–
Exchange difference during the period	4,40,950	(15,07,453)
Balance at the end	1,73,29,326	1,58,97,413

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets						Intangible assets		Total
	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Software	Total	
Original cost									
As at January 1, 2015	17,75,89,017	2,01,42,622	5,40,22,634	3,74,73,274	19,81,90,081	48,74,17,628	16,02,50,358	16,02,50,358	64,76,67,986
Additions / adjustments during the period	–	–	1,05,13,265	–	33,68,063	1,38,81,328	–	–	1,38,81,328
Deductions / retirements during the period	82,24,295	3,13,555	(27,21,311)	17,35,419	(5,20,79,393)	(4,45,27,435)	–	–	(4,45,27,435)
Foreign exchange difference	–	–	–	–	–	–	74,21,327	74,21,327	74,21,327
As at December 31, 2015	18,58,13,312	2,04,56,177	6,18,14,588	3,92,08,693	14,94,78,751	45,67,71,521	16,76,71,685	16,76,71,685	62,44,43,206
Depreciation and amortization									
As at January 1, 2015	15,36,55,814	2,00,35,966	4,15,67,694	2,43,73,313	9,13,42,233	33,09,75,020	16,02,50,358	16,02,50,358	49,12,25,378
For the period	1,86,51,438	96,612	81,40,862	91,00,116	3,21,05,672	6,80,94,700	–	–	6,80,94,700
Deductions / adjustments during the period	70,10,561	3,08,070	(33,43,856)	10,77,365	(3,67,70,242)	(3,17,18,102)	–	–	(3,17,18,102)
Foreign exchange difference	–	–	–	–	–	–	74,21,327	74,21,327	74,21,327
As at December 31, 2015	17,93,17,813	2,04,40,648	4,63,64,700	3,45,50,794	8,66,77,663	36,73,51,618	16,76,71,685	16,76,71,685	53,50,23,303
Net book value									
As at December 31, 2015	64,95,499	15,529	1,54,49,888	46,57,899	6,28,01,088	8,94,19,903	–	–	8,94,19,903

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets						Intangible assets		Total
	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Software	Total	
Original cost									
As at January 1, 2014	19,34,24,269	2,17,38,695	4,90,63,221	4,04,68,031	22,78,73,236	53,25,67,452	17,45,39,557	17,45,39,557	70,71,07,009
Additions / adjustments during the period	–	1,92,580	94,13,653	3,33,793	4,09,57,239	5,08,97,265	–	–	5,08,97,265
Deductions / retirements during the period	–	–	–	–	(5,25,22,406)	(5,25,22,406)	–	–	(5,25,22,406)
Foreign exchange difference	(1,58,35,252)	(17,88,653)	(44,54,240)	(33,28,550)	(1,81,17,988)	(4,35,24,683)	(1,42,89,199)	(1,42,89,199)	(5,78,13,882)
As at December 31, 2014	17,75,89,017	2,01,42,622	5,40,22,634	3,74,73,274	19,81,90,081	48,74,17,628	16,02,50,358	16,02,50,358	64,76,67,986
Depreciation and amortization									
As at January 1, 2014	14,79,70,593	2,15,08,999	3,89,30,250	1,70,99,513	9,88,85,778	32,43,95,133	17,41,55,729	17,41,55,729	49,85,50,862
For the period	1,86,65,349	3,10,545	61,42,530	90,95,099	3,49,25,383	6,91,38,906	3,83,591	3,83,591	6,95,22,497
Deductions / adjustments during the period	–	–	–	–	(3,26,59,346)	(3,26,59,346)	–	–	(3,26,59,346)
Foreign exchange difference	(1,29,80,128)	(17,83,578)	(35,05,086)	(18,21,299)	(98,09,582)	(2,98,99,673)	(1,42,88,962)	(1,42,88,962)	(4,41,88,635)
As at December 31, 2014	15,36,55,814	2,00,35,966	4,15,67,694	2,43,73,313	9,13,42,233	33,09,75,020	16,02,50,358	16,02,50,358	49,12,25,378
Net book value									
As at December 31, 2014	2,39,33,203	1,06,656	1,24,54,940	1,30,99,961	10,68,47,848	15,64,42,608	–	–	15,64,42,608

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful lives of assets primarily consisting of computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

2.8 Leases

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and the maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the period	6,07,71,802	6,31,94,087

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	6,51,00,385	6,22,18,972
Due in a period between one year and five years	24,86,47,303	24,88,75,890
Due after five years	–	5,18,49,144

The operating lease arrangements, are renewable on a periodic basis and extend up to a maximum of 10 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Non-current investments

in ₹

Particulars	As at December 31,	
	2015	2014
Investment in equity instruments of subsidiaries		
Lodestone Augmentis AG	47,75,000	47,75,000
1000 (1000) equity shares of CHF 100/- each, fully paid		
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L)	42,43,145	10,30,145
5500(1000) equity shares of ARS 100/- each, fully paid		
	90,18,145	58,05,145

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Other loans and advances		
Advance income taxes	14,011	2,08,23,420
Loans and advances to Employees	7,41,12,673	8,18,48,892
	7,41,26,684	10,26,72,312

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	1,30,35,764	–
Less: Provision for doubtful debts	1,30,35,764	–
Other debts	–	–
Unsecured		
Considered good[(1)]	1,91,99,37,324	1,71,15,21,297
	1,91,99,37,324	1,71,15,21,297
Less: Provision for doubtful debts	68,16,556	12,41,768
	1,91,31,20,768	1,71,02,79,529
	1,91,31,20,768	1,71,02,79,529
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.18)*	62,61,67,196	44,58,38,317

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	, 2014
Cash on hand	64,937	71,952
Balances with banks		
In current accounts	50,52,41,135	33,20,21,817
	50,53,06,072	33,20,93,769

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
UBS Switzerland AG (CHF)	8,73,47,225	25,20,49,906
UBS Switzerland AG (AUD)	8,49,857	6,33,762
UBS Switzerland AG (USD)	1,04,39,781	3,22,68,999
UBS Switzerland AG (ZAR)	2,07,815	34,612
UBS Switzerland AG (GBP)	22,15,441	63,80,426
UBS Switzerland AG (HKD)	3,09,639	5,32,987
UBS Switzerland AG (EURO)	28,34,15,118	4,01,21,125
Deutsche Bank (CHF)	6,79,54,005	–
Deutsche Bank (EUR)	4,08,72,795	–
Deutsche Bank (GBP)	52,97,010	–
Deutsche Bank (USD)	63,32,449	–
	50,52,41,135	33,20,21,817
Total bank balances	50,52,41,135	33,20,21,817

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Loans to fellow subsidiary (*Refer to Note 2.18*)	5,54,74,713	–
Others		
Advances		
Prepaid expenses	3,82,58,697	3,35,00,404
Withholding and other taxes receivable	10,46,34,180	8,75,53,663
Others [(1)]	85,23,55,273	15,54,50,091
	99,52,48,150	27,65,04,158
Unbilled revenues	32,71,76,715	46,58,60,541
Loans and advances to employees		
Salary advances	3,99,02,062	58,74,748
Rental deposits	2,47,822	3,91,190
	1,41,80,49,462	74,86,30,637
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.18)*	85,23,55,273	15,74,58,328

2.14 Other income

in ₹

Particulars	Year ended December 31, 2015	2014
Interest received on deposits with banks and others	–	98,246
Miscellaneous income, net	20,64,57,173	19,70,37,636
Gains / (losses) on foreign currency, net	1,44,64,687	(6,39,79,483)
	22,09,21,860	13,31,56,399

2.15 Expenses

in ₹

Particulars	Year ended December 31, 2015	2014
Employee benefit expenses		
Salaries and bonus	4,16,92,72,651	3,69,27,00,987
Staff welfare	3,47,89,006	1,58,08,146
	4,20,40,61,657	3,70,85,09,133
Cost of technical sub-contractors		
Technical sub-contractors – holding company / fellow subsidiaries	2,20,33,49,717	2,59,77,87,166
Technical sub-contractors – others	1,71,17,61,105	1,03,52,89,279
	3,91,51,10,822	3,63,30,76,445

in ₹

Particulars	2015	2014
Other expenses		
Office maintenance	64,53,591	66,37,180
Power and fuel	6,55,703	12,24,031
Brand building	1,91,96,045	2,28,32,950
Rent	6,07,71,802	6,31,94,087
Rates and taxes, excluding taxes on income	74,79,278	3,62,742
Repairs to plant and machinery	64,696	1,85,531
Computer maintenance	3,16,18,313	6,03,42,199
Insurance charges	40,44,257	1,31,16,152
Provision for post-sales client support and warranties	9,90,963	96,07,049
Provision for bad and doubtful debts and advances	1,74,77,685	52,86,280
Auditor's remuneration		
Statutory audit fees	43,06,048	23,20,987
Bank charges	18,85,260	11,33,142
Others	4,99,75,713	4,99,16,728
	20,49,19,354	23,61,59,058

2.16 Tax expense

in ₹

Particulars	Year ended December 31, 2015	2014
Current tax		
Income taxes	20,21,81,589	30,50,07,117
	20,21,81,589	30,50,07,117

2.17 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.18 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31, 2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp Z.o.o (1)	Poland
Infosys BPO S.DE R.L. DE.C.V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty Ltd(1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland

Name of fellow subsidiaries	Country
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty Limited [3]	Australia
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	UK
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC. (Infosys Nova)[9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd.[11]	Israel
Panaya GmbH[11]	Germany
Panaya Pty Ltd.[11]	Australia
Panaya Japan Co. Ltd.[11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus)[13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Infosys Consulting AG (formerly Lodestone Management Consultants AG))*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*

The details of amounts due to or from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans		
Infosys Consulting Holding AG		
(formerly Lodestone Holding AG)	33,52,23,444	53,97,31,792
Loan to fellow subsidiary		
Lodestone Management Consultants Ltda.	5,54,74,713	–
Trade receivables		
Lodestone Management Consultants Inc.	3,49,92,664	5,77,92,253
Lodestone Management Consultants Pty Limited	–	1,25,98,459
Lodestone Management Consultants (Belgium) S.A.	38,59,837	4,14,55,127
Infosys Consulting GmbH		
(formerly Lodestone Management Consultants GmbH), Germany	7,76,82,499	8,10,03,706
Lodestone Management Consultants GmbH, Austria	4,44,349	–
Infosys Consulting SAS		
(formerly Lodestone Management Consultants SAS)	7,08,47,153	4,98,42,048
Lodestone Management Consultants Co., Ltd.	3,70,20,762	1,53,10,905
Infy Consulting Company Ltd.		
(formerly Lodestone Management Consultants Ltd.)	27,77,81,326	18,10,77,567
Lodestone Management Consultants B.V.	73,36,125	55,67,890
Lodestone Management Consultants Sp. z.o.o.	52,29,678	11,90,362

Particulars	As at December 31,	
	2015	2014
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	24,75,658	–
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	1,37,53,143	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	26,02,615	–
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	34,76,797	–
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	43,52,482	–
Infosys Technologies (Sweden) AB	8,43,12,108	–
	62,61,67,196	44,58,38,317
Other receivables		
Lodestone Management Consultants (Belgium) S.A.	2,88,44,000	2,29,77,000
Lodestone Management Consultants Pty Limited	1,64,97,967	–
Lodestone Management Consultants Ltda.	20,39,82,729	–
Lodestone Augmentis AG	36,35,402	–
Lodestone Management Consultants Co., Ltd.	31,98,49,941	1,83,58,277
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*, Germany	2,41,91,399	2,43,20,665
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	1,06,80,000	
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	18,78,807	1,68,49,800
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	9,00,343
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	57,95,931	–
Lodestone Management Consultants Inc.	22,23,36,097	3,34,75,556
Lodestone Management Consultants Sp. z.o.o.	–	2,65,62,687
Infosys Limited	1,46,63,000	1,40,14,000
	85,23,55,273	15,74,58,328
Trade payables		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	1,36,13,365	11,48,515
Lodestone Management Consultants Co., Ltd.	1,37,40,596	55,54,757
Lodestone Management Consultants Inc.	1,59,99,439	1,47,09,466
Lodestone Management Consultants Pty Limited	11,92,504	42,92,164
Lodestone Augmentis AG	-	1,01,00,952
Lodestone Management Consultants (Belgium) S.A.	68,25,025	1,19,35,236
Lodestone Management Consultants B.V.	6,65,624	-
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*, Germany"	4,27,16,100	12,18,55,875
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*"	31,44,733	66,20,320
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*"	70,53,167	2,13,36,570
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*"	35,52,612	3,96,984
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*"	1,80,85,630	84,03,822
Lodestone Management Consultants Ltda.	8,09,74,481	1,01,58,303
Lodestone Management Consultants Sp. z.o.o.	4,13,54,073	4,39,20,874
Lodestone Management Consultants Portugal, Unipessoal, Lda.	1,91,16,326	1,23,41,127
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*"	1,14,51,318	37,38,543
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	27,94,84,993	27,65,13,508
Lodestone Management Consultants Ltda.	8,09,74,481	1,01,58,303
Lodestone Management Consultants Sp. z.o.o.	4,13,54,073	4,39,20,874
Lodestone Management Consultants Portugal, Unipessoal, Lda.	1,91,16,326	1,23,41,127
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	1,14,51,318	37,38,543
	27,94,84,993	27,65,13,508
Other payables		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	8,82,701	–
Lodestone Management Consultants GmbH, Germany	–	30,84,913
Lodestone Management Consultants Ltd.	29,82,68,756	24,67,58,100
Lodestone Management Consultants Sp. z.o.o.	67,93,819	–
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	4,68,300	–
Lodestone Management Consultants Inc.	32,93,547	28,39,119
Infosys Limited	13,254	12,667
	30,97,20,377	25,26,94,799
Provision for expenses		
Infosys BPO Limited	68,806	–
Infosys Technologies S. de. R.L.De C.V.	–	82,67,497
	68,806	82,67,497

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Loans borrowed		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	(20,45,08,348)	(4,42,87,867)
Loans advanced		
Lodestone Management Consultants Ltda.	5,54,74,713	–
Investment in subsidiaries		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	32,13,000	–
Revenue transactions		
Purchase of services		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	1,86,09,730	56,53,827
Lodestone Management Consultants Pty Limited	88,69,709	1,71,75,326
Lodestone Management Consultants (Belgium) S.A.	5,34,32,057	3,71,30,040
Lodestone Augmentis AG	–	3,27,05,610
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	1,98,38,451	89,98,263
Infosys Consulting GmbH		
(formerly Lodestone Management Consultants GmbH), Germany	68,48,46,041	85,74,77,571
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	14,86,62,711	13,19,81,312
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	37,44,49,485	46,07,90,648
Lodestone Management Consultants Ltda.	9,46,49,189	9,08,79,882
Lodestone Management Consultants B.V.	1,65,80,303	86,23,514
Lodestone Management Consultants Sp. z.o.o.	38,23,65,172	34,28,37,991
Lodestone Management Consultants Portugal, Unipessoal, Lda.	13,41,32,887	17,97,06,263
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	5,73,33,628	7,01,22,307
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	3,59,96,946	2,77,60,022
Lodestone Management Consultants Inc.	16,14,08,979	31,96,20,866
Lodestone Management Consultants Co., Ltd.	1,51,48,238	60,45,699
Infosys BPO Limited	68,724	–
Infosys Technologies S. de. R.L.De C.V.	12,86,644	88,11,045
Dividend paid to holding company		
Infosys Consulting Holding AG		
(formerly Lodestone Holding AG)	–	8,67,49,000
Interest expense		–
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	47,46,983	1,77,11,320
Interest income		–
Lodestone Management Consultants Ltda.	21,70,651	–
Sales of services		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	35,19,051	–
Lodestone Management Consultants (Belgium) S.A.	39,06,746	56,26,267
Infosys Consulting GmbH		
(formerly Lodestone Management Consultants GmbH), Germany	24,17,93,120	51,66,69,277
Lodestone Management Consultants GmbH Austria	4,49,749	–
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	2,09,62,412	4,03,29,974
Lodestone Management Consultants Pty Limited	1,32,84,900	1,71,51,011
Infy Consulting Company Ltd.		
(formerly Lodestone Management Consultants Ltd.)	1,35,30,53,768	82,33,04,765
Lodestone Management Consultants Portugal, Unipessoal, Lda.	26,34,245	–
Infosys Consulting s.r.o.		
(formerly Lodestone Management Consultants s.r.o.)	25,05,745	–
Lodestone Management Consultants Co., Ltd.	2,12,54,681	–
Lodestone Management Consultants B.V.	74,25,281	69,83,226
Lodestone Management Consultants Inc.	52,06,08,804	10,98,80,108
Infosys Consulting Pte Ltd.		
(formerly Lodestone Management Consultants Pte Ltd)	4,57,96,906	–
S.C. Infosys Consulting S.R.L.		
(formerly S.C. Lodestone Management Consultants S.R.L.)	44,05,378	–
Lodestone Management Consultants Sp. z.o.o.	1,38,71,060	93,16,699
Infosys Technologies (Sweden) AB	8,16,51,026	–

2.19 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Lodestone GmbH

(formerly Hafner Bauer & Odman GmbH)

Independent Auditor's Report

To the Members of Lodestone GmbH (formerly Hafner Bauer & Odman GmbH).

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GmbH (formerly Hafner Bauer & Odman GmbH) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	22,92,000	22,92,000
Reserves and surplus	2.2	(13,02,699)	(12,54,252)
		9,89,301	10,37,748
		9,89,301	10,37,748
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.3	9,87,605	10,36,547
Short-term loans and advances	2.4	1,696	1,201
		9,89,301	10,37,748
		9,89,301	10,37,748
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone GmbH
(formerly Hafner Bauer & Odman GmbH)

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹ except per share data

Particulars	Note	Year ended December 31,	
		2015	2014
Other income		–	158
Total revenue		–	158
Expenses			
Consultancy and professional charges		16,663	–
Interest expense		–	411
Other expenses	2.5	79,628	59,610
Total expenses		96,291	60,021
PROFIT/(LOSS) BEFORE TAX		(96,291)	(59,863)
Tax expense			
Current tax	2.6	–	(264)
Deferred tax	2.6	–	–
PROFIT/(LOSS) FOR THE YEAR		(96,291)	(59,599)
PROFIT / (LOSS) PER EQUITY SHARE			
Equity shares of par value CHF 100/- each			
Basic and diluted		(201)	(124)
Number of shares used in computing earnings per share			
Basic and diluted		480	480
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone GmbH
(formerly Hafner Bauer & Odman GmbH)

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(96,291)	(59,863)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		–	(158)
Effect of exchange differences on translation of assets and liabilities		47,844	(94,500)
Changes in assets and liabilities			
Loans and advances and other assets		(487)	97
		(48,934)	(1,54,424)
Income taxes paid		(8)	(23,021)
NET CASH GENERATED BY OPERATING ACTIVITIES		(48,942)	(1,77,445)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		–	158
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		–	158
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(48,942)	(1,77,287)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		10,36,547	12,13,834
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,87,605	10,36,547
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone GmbH
(formerly Hafner Bauer & Odman GmbH)

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH), ('the Company'), is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland).

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

On January 21, 2016, the Board of Directors of Lodestone Augmentis AG have passed a resolution approving in principle the liquidation of the Company. On February 5, 2016, the Company was officially registered in the Schweizerisches Handelsamtsblatt (Swiss Official Gazette) and is under liquidation since then. Accordingly, the financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on a liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their net realizable value and liabilities recorded at their known estimated settlement value.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.6 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.7 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetory assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetory assets and non-monetory liabilities measured at historical cost are translated at the exchange rate prevalant at the date of transaction.

1.8 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

1.10 Cash flow statement

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

1.11 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
480 (480) equity shares of CHF 100/- par value	22,92,000	22,92,000
Issued, subscribed and paid-up		
480 (480) equity shares of CHF 100/- par value	22,92,000	22,92,000
	22,92,000	22,92,000

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 is set out below:

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	480	100	480	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	480	22,92,000	480	22,92,000
Number of shares at the end	480	22,92,000	480	22,92,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Currency translation reserve	3,03,070	3,97,570
Add: Movement during the year	47,844	(94,500)
Currency translation reserve	3,50,914	3,03,070
Legal reserve – opening balance	6,685	6,685
Add: Transferred from surplus	–	–
	6,685	6,685
Surplus – opening balance	(15,64,007)	(15,04,408)
Add: Net profit after tax transferred from Statement of Profit and Loss	(96,291)	(59,599)
Surplus – closing balance	(16,60,298)	(15,64,007)
	(13,02,699)	(12,54,252)

2.3 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	9,87,605	10,36,547
	9,87,605	10,36,547

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
UBS AG (CHF)	3,21,105	10,36,547
Deutsche Bank (CHF)	6,66,500	–
	9,87,605	10,36,547
Total bank balances	9,87,605	10,36,547

2.4 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Withholding and other taxes receivable	1,506	1,019
Advance income taxes (net of provisions)	190	182
	1,696	1,201

2.5 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Other expenses		
Bank charges	60,530	59,610
Miscellaneous	19,098	–
	79,628	59,610

2.6 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	–	(264)
	–	(264)

2.7 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit.Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the statement of profit and loss as per revised Schedule III to the Companies Act, 2013.

2.8 Related party transactions

List of related parties:

Name of related party	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o *(formerly Infosys BPO s.r.o)* (1)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina

Name of fellow subsidiaries	Country
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd.(11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd.(11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

2.9 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Lodestone Management Consultants Co. Ltd

Independent Auditor's report

To the Members of Lodestone Management Consultants Co. Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Co. Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st December 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For SHENOY & KAMATH
Chartered Accountants,
Firm's registration number : 006673S

(M Rathnakar Kamath)
Partner
Membership number : 202841

Place: Bangalore
Date: January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	15,82,28,571	15,82,28,571
Reserves and surplus	2.2	(40,64,72,954)	(22,48,58,894)
		(24,82,44,383)	(6,66,30,323)
CURRENT LIABILITIES			
Trade payables	2.3	4,84,23,540	2,60,03,102
Other current liabilities	2.4	60,53,42,982	27,20,92,681
Short-term provisions	2.5	3,12,05,519	1,47,38,659
		68,49,72,041	31,28,34,442
		43,67,27,658	24,62,04,119
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	99,55,427	62,51,612
		99,55,427	62,51,612
Long-term loans and advances	2.8	12,612	12,852
		99,68,039	62,64,464
CURRENT ASSETS			
Trade receivables	2.9	15,99,73,856	11,93,49,420
Cash and cash equivalents	2.10	7,99,21,350	4,70,35,781
Short-term loans and advances	2.11	18,68,64,413	7,35,54,454
		42,67,59,619	23,99,39,655
		43,67,27,658	24,62,04,119
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of *Directors of* Lodestone Management Consultants Co. Ltd.

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 8, 2016

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2015	2014
Income from Consultancy services		1,29,46,09,399	59,42,86,695
Other income	2.12	(27,84,973)	68,61,550
Total revenue		1,29,18,24,426	60,11,48,245
Expenses			
Employee benefit expenses	2.13	65,56,17,110	43,03,82,698
Cost of technical sub-contractors	2.13	48,25,53,325	15,56,56,627
Travel expenses		20,25,87,941	10,05,08,150
Cost of software packages and others - For own use		–	7,83,560
Communication expenses		55,60,064	43,25,309
Consultancy and Professional charges		6,85,15,810	1,67,10,282
Depreciation and amortisation expense	2.6	39,77,142	42,14,358
Other expenses	2.13	5,38,67,916	2,69,69,500
Total expenses		1,47,26,79,308	73,95,50,484
PROFIT / (LOSS) BEFORE TAX		(18,08,54,882)	(13,84,02,239)
Tax expense :			
Current tax	2.14	–	–
Deferred tax	2.14	–	2,30,18,674
PROFIT / (LOSS) FOR THE YEAR		(18,08,54,882)	(16,14,20,913)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Lodestone Management Consultants Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 8, 2016

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		(18,08,54,882)	(13,84,02,239)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expense		39,77,142	42,14,358
Provision for bad and doubtful debts		81,03,212	550
Interest received on deposits with banks and others		(1,04,017)	(13,272)
Effect of exchange differences on translation of assets and liabilities		(7,56,751)	(42,85,544)
Other Adjustments		47,05,397	21,24,408
Changes in assets and liabilities			
Trade receivables		(4,87,27,648)	(9,26,73,009)
Loans and advances and other assets		(11,33,09,959)	(4,54,44,553)
Liabilities and provisions		36,74,32,202	22,58,13,269
		4,04,64,696	(4,86,66,032)
Income taxes refund / (paid)		240	10,60,226
NET CASH GENERATED BY OPERATING ACTIVITIES		4,04,64,936	(4,76,05,806)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(76,83,384)	(53,28,549)
Interest received on deposits with banks and others		1,04,017	13,272
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(75,79,367)	(53,15,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		–	4,08,29,800
NET CASH USED IN FINANCING ACTIVITIES		–	4,08,29,800
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,28,85,569	(1,20,91,283)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4,70,35,781	5,91,27,064
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,99,21,350	4,70,35,781
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

for and on behalf of the Board of Directors of Lodestone Management Consultants Co. Ltd.

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants Co. Ltd. is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is d,etermined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognised immediately in the profit and loss account."

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in statement of profit and loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years

[(1)] *For these class of assets, based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer note 2.6)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for monetary assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.Tax benefits of deductions earned on exercise of employee share options in excess of compenstion charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash flow statement

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

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
2,260,000 USD (2,260,000 USD)	15,82,28,571	15,82,28,571
Issued, Subscribed and Paid-Up		
2,260,000 USD (2,260,000 USD)	15,82,28,571	15,82,28,571
	15,82,28,571	15,82,28,571

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Currency Translation Reserve	96,56,579	1,39,11,394
Add: Movement during the year	(7,59,178)	(42,54,815)
	88,97,401	96,56,579
Surplus- Opening Balance	(23,45,15,473)	(7,30,94,560)
Add: Net profit / (loss) after tax transferred from Statement of Profit and Loss	(18,08,54,882)	(16,14,20,913)
Surplus- Closing Balance	(41,53,70,355)	(23,45,15,473)
	(40,64,72,954)	(22,48,58,894)

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables (1)	4,84,23,540	2,60,03,102
	4,84,23,540	2,60,03,102
(1) *Includes dues to fellow subsidiaries (refer to note 2.16)*	2,49,49,288	1,87,61,472

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	–	21,237
Bonus and incentives	3,63,58,584	2,09,99,524
Unearned revenue	32,41,070	2,11,77,716
Other liabilities		
Provision for expenses	12,72,44,164	5,49,61,439
Other Payables (1)	43,22,22,296	14,32,19,337
Withholding and other taxes payable	62,76,868	3,17,13,428
	60,53,42,982	27,20,92,681
(1) *Includes dues to fellow subsidiaries (refer to note 2.16)*	43,02,09,111	14,28,72,619

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	2,38,33,403	1,20,91,795
Other Provisions		
Provision for post sales client support and warranties and others	73,72,116	26,46,864
	3,12,05,519	1,47,38,659

Provision for post-sales client support and warranties and others

The movement in the provision for post-sales client support and warranties and others is as follows :

in ₹

Particulars	Year ended December 31,	
	2015	2014
Balance at the beginning	26,46,864	–
Provision recognized / (reversed)	47,05,397	21,24,408
Exchange difference during the year	19,855	5,22,456
Balance at the end	73,72,116	26,46,864

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2015	7,88,739	1,33,11,636	57,98,904	1,98,99,279
Additions during the year	–	76,83,384	–	76,83,384
Deductions /				
Adjustments / Retirements during the year	3,090	(9,75,029)	22,719	(9,49,220)
As at December 31, 2015	7,91,829	2,00,19,991	58,21,623	2,66,33,443
Depreciation and amortization				
As at January 1, 2015	4,60,131	74,08,089	57,79,447	1,36,47,667
For the year	1,34,062	38,23,981	19,099	39,77,142
Deductions /				
Adjustments / Retirements during the year	2,289	(9,72,159)	23,077	(9,46,793)
As at December 31, 2015	5,96,482	1,02,59,911	58,21,623	1,66,78,016
Net book value				
As at December 31, 2015	1,95,347	97,60,080	–	99,55,427

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2014	6,10,522	80,04,266	58,04,584	1,44,19,372
Additions during the year	1,73,428	51,55,121	–	53,28,549
Deductions /				
Adjustments / Retirements during the year	–	–	–	–
Deductions /				
Adjustments / Retirements during the year	4,789	1,52,249	(5,680)	1,51,358
As at December 31, 2014	7,88,739	1,33,11,636	57,98,904	1,98,99,279
Depreciation and amortization				
As at January 1, 2014	2,95,656	44,79,328	45,37,696	93,12,680
For the year	1,74,435	28,40,339	11,99,584	42,14,358
Deductions /				
Adjustments / Retirements during the year	–	–	–	–
Deductions /				
Adjustments / Retirements during the year	(9,960)	88,422	42,167	1,20,629
As at December 31, 2014	4,60,131	74,08,089	57,79,447	1,36,47,667
	4,60,131	74,08,089	57,79,447	
Net book value				
As at December 31, 2014	3,28,608	59,03,547	19,457	62,51,612

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

2.7 Leases

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and the maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	1,29,62,304	98,17,551

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the balance sheet date	1,25,64,470	1,19,57,972
Due in a period between one year and five years	93,03,735	2,13,91,483

The operating lease arrangements, are renewable on a periodic basis and extend upto a maximum of two years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.8 Long term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Advance income taxes	12,612	12,852
	12,612	12,852

2.9 Trade receivables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Debts outstanding for a period exceeding 6 months		
Unsecured		
Considered doubtful	80,94,424	–
	80,94,424	–
Less: Provision for doubtful debts	80,94,424	–
	–	–
Other Debts		
Unsecured		
Considered good [(1)]	15,99,73,856	11,93,49,420
	15,99,73,856	11,93,49,420
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	3,70,94,153	3,86,82,385

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Cash on hand	30,786	71,291
Balances with banks		
In current accounts	7,98,90,564	4,69,64,490
	7,99,21,350	4,70,35,781

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
In current accounts		
China Merchants Bank (CNY)	7,88,63,513	4,70,71,392
China Merchants Bank (USD)	–	(1,06,902)
Citibank China (USD)	10,27,051	–
	7,98,90,564	4,69,64,490
Total bank balances	7,98,90,564	4,69,64,490

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	35,82,901	38,95,502
Withholding and other taxes receivable	–	2,90,79,524
Others [(1)]	1,82,21,349	29,23,577
	2,18,04,250	3,58,98,603
Unbilled revenues	14,67,44,740	2,30,57,894
Loans and advances to employees		
Salary advances	12,53,934	4,25,757
Rental deposits	68,08,721	39,59,443
Security deposits	1,02,52,768	1,02,12,757
	18,68,64,413	7,35,54,454
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	1,37,23,649	2,54,828

2.12 Other income

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Interest received on deposits with banks and others	1,04,017	13,272
Miscellaneous income, net	3,51,031	19,748
Gains / (losses) on foreign currency, net	(32,40,021)	68,28,530
	(27,84,973)	68,61,550

2.13 Expenses

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	64,36,47,035	42,18,99,046
Staff welfare	1,19,70,075	84,83,652
	65,56,17,110	43,03,82,698
Cost of technical sub-contractors		
Technical sub-contractors - related parties	3,63,688	72,26,821
Technical sub-contractors - others	48,21,89,637	14,84,29,806
	48,25,53,325	15,56,56,627
Other expenses		
Office maintenance	20,60,553	21,57,240
Power and fuel	3,29,005	2,56,552
Brand building	5,02,693	2,64,830
Rent	1,29,62,304	98,17,551
Rates and taxes, excluding taxes on income	62,22,824	29,68,157
Computer maintenance	14,445	5,66,733
Insurance charges	40,326	41,869
Marketing expenses	–	82,37,020
Provision for post-sales client support and warranties	47,05,397	21,24,408
Provision for bad and doubtful debts and advances	81,03,212	550
Auditor's remuneration		
Statutory audit fees	1,34,001	83,691
Bank charges and commission	2,80,398	1,07,821
Miscellaneous Expenses	1,85,12,758	3,43,078
	5,38,67,916	2,69,69,500

2.14 Tax expense

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Current tax		
Income taxes	–	–
Deferred taxes	–	2,30,18,674
	–	2,30,18,674

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit.Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the statement of profit and loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of related party	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [1]	Czech Republic
Infosys BPO (Poland) Sp Z.o.o [1]	Poland
Infosys BPO S.DE R.L. DE.C.V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty Ltd[1]	Australia
Portland Procurement Services Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty Limited[3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	UK
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC. (Infosys Nova)[9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd.[11]	Israel
Panaya Gmbh[11]	Germany
Panaya Pty Ltd.[11]	Australia
Panaya Japan Co. Ltd.[11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus)[13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc (Noah Canada) [15]	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade Receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,37,40,596	55,54,757
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	47,78,628	1,02,15,014
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	39,56,383	31,66,758
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	20,75,661	45,23,544
Lodestone Management Consultants Inc.	5,943	
Infosys Technologies (China) Co. Limited (Infosys China)	1,25,36,942	1,52,22,312
Total	3,70,94,153	3,86,82,385
Other Receivables		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	29,34,758	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	1,07,88,891	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	2,54,828
Total	1,37,23,649	2,54,828
Trade Payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	2,23,70,227	13,08,817
Lodestone Management Consultants Sp. z.o.o.	24,66,330	26,28,512
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	–	79,54,277
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	1,99,134
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,12,731	83,514
Infosys Technologies (China) Co. Limited (Infosys China)	–	65,87,218
Total	2,49,49,288	1,87,61,472
Other Payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	33,45,00,478	3,21,05,537
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	9,54,47,875	9,50,61,876
Lodestone Management Consultants Inc.	2,60,758	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	1,57,05,206
Total	43,02,09,111	14,28,72,619

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions:		
Revenue transactions:		
Purchase of services including shared facilities and personnel		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	2,11,87,111	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	2,08,061
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	30,069	83,563
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	3,63,688	69,94,467
Infosys Technologies (China) Co. Limited (Infosys China)	–	59,46,548
Total	2,15,80,868	1,32,32,639
Sales of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,50,80,390	60,06,576
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	7,37,860	5,81,28,764
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	8,66,51,907	4,33,25,233
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	13,95,48,752	42,51,724
Lodestone Management Consultants Inc.	24,31,960	–
Infosys Technologies (China) Co. Limited (Infosys China)	2,04,40,566	2,27,70,643
Total	26,48,91,435	13,44,82,940

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - 'Segment Reporting'

Infosys Consulting s.r.o.

(formerly Lodestone Management Consultants s.r.o.)

Independent Auditor's report

To the Members of Infosys Consulting s.r.o. (formerly Lodestone Management Consultants s.r.o.)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Consulting s.r.o. (formerly Lodestone Management Consultants s.r.o.) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	7,89,777	7,89,777
Reserves and surplus	2.2	3,46,46,911	1,39,20,862
		3,54,36,688	1,47,10,639
CURRENT LIABILITIES			
Trade payables	2.3	24,64,617	–
Other current liabilities	2.4	3,30,48,358	1,10,05,046
Short-term provisions	2.5	77,55,456	31,79,490
		4,32,68,431	1,41,84,536
		7,87,05,119	2,88,95,175
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	4,30,859	–
Long-term loans and advances	2.8	–	9,22,237
		4,30,859	9,22,237
CURRENT ASSETS			
Trade receivables	2.9	6,25,82,182	95,33,502
Cash and cash equivalents	2.10	1,53,11,394	1,80,11,981
Short-term loans and advances	2.11	3,80,684	4,27,455
		7,82,74,260	2,79,72,938
		7,87,05,119	2,88,95,175
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of the Board of Directors of Infosys Consulting s.r.o.
(formerly Lodestone Management Consultants s.r.o.)

Peter Fischer
Director

Robert Boreczek
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from consultancy services		16,45,72,473	10,01,65,692
Other income	2.12	(87,104)	(3,86,291)
Total revenue		16,44,85,369	9,97,79,401
Expenses			
Employee benefit expenses	2.13	8,10,19,891	5,66,79,142
Travelling and conveyance		4,34,60,942	2,87,81,428
Communication expenses		20,20,038	8,76,669
Consultancy and professional charges		91,12,820	31,31,758
Depreciation and amortization expenses	2.6	1,52,912	–
Other expenses	2.13	9,62,955	15,51,635
Total expenses		13,67,29,558	9,10,20,632
PROFIT / (LOSS) BEFORE TAX		2,77,55,811	87,58,769
Tax expense			
Current tax	2.14	62,46,049	16,88,035
Deferred tax	2.14	–	–
PROFIT / (LOSS) FOR THE YEAR		2,15,09,762	70,70,734
EARNINGS PER EQUITY SHARE			
Equity shares of par value CZK 1/- each			
Basic and diluted		108	35
Number of shares used in computing earnings per share			
Basic and diluted		2,00,000	2,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Consulting s.r.o.
(formerly Lodestone Management Consultants s.r.o.)

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars	For the year ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,77,55,811	87,58,769
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation and amortization expense	1,52,912	–
Interest and dividend income	(565)	(567)
Effect of exchange differences on translation of assets and liabilities	(8,05,803)	(13,34,961)
Changes in assets and liabilities		
Trade receivables	(5,30,48,680)	25,57,529
Loans and advances and other assets	9,69,008	(7,64,188)
Liabilities and provisions	2,52,84,823	39,07,609
	3,07,506	1,31,24,191
Income taxes paid	(24,46,977)	(30,09,657)
NET CASH GENERATED BY OPERATING ACTIVITIES	(21,39,471)	1,01,14,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure (including intangible assets)	(5,61,681)	–
Interest and dividend income as per profit and loss account	565	567
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(5,61,116)	567
NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,00,587)	1,01,15,101
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,80,11,981	78,96,880
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,53,11,394	1,80,11,981

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Consulting s.r.o.
(formerly Lodestone Management Consultants s.r.o.)

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Place : Bangalore

Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Infosys Consulting s.r.o. (formerly Lodestone Management Consultants s.r.o.), ('the Company'), is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Computer equipment [(1)]	3-5 years

[(1)] *For computer equipment, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.6*)

1.11 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to the Statement of Profit and Loss are credited to the securities premium reserve.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

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

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes to accounts for the year ended December 31, 2015

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
2,00,000 (2,00,000) Equity shares @ CZK 1/- each	7,89,777	7,89,777
Issued, subscribed and paid-up		
2,00,000 (2,00,000) Equity shares @ CZK 1/- each	7,89,777	7,89,777
[Of the above, 2,00,000 (2,00,000) equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone holding AG)*]	7,89,777	7,89,777

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	2,00,000	100	2,00,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning	2,00,000	7,89,777	2,00,000	7,89,777
Shares at the end	2,00,000	7,89,777	2,00,000	7,89,777

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	(7,39,808)	5,95,153
Add: Foreign currency translation during the year	(7,83,713)	(13,34,961)
Foreign currency translation reserve – closing balance	(15,23,521)	(7,39,808)
Legal reserve [(1)]	58,464	58,464
Add: Transferred from surplus	–	–
	58,464	58,464
Surplus – opening balance	1,46,02,206	75,31,472
Add: Net profit / (loss) after tax transferred from Statement of Profit and Loss	2,15,09,762	70,70,734
Surplus – closing balance	3,61,11,968	1,46,02,206
	3,46,46,911	1,39,20,862

[(1)] *The Company is required to appropriate 5% of the annual profit to legal reserve until this equals 20% of the paid-up share capital. To the extent it does exceed one half of the share capital, the general reserve may be used only to cover losses or for measures designed to sustain the Company through difficult times, to prevent unemployment or to mitigate its consequences.*

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [(1)]	24,64,617	–
	24,64,617	–
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.15)*	24,64,369	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	39,19,421	32,33,802
Bonus and incentives	28,24,877	17,74,003
Other liabilities		
Provision for expenses	27,65,733	14,85,854
Withholding and other taxes payable	83,12,639	21,72,548
Other payables [(1)]	1,52,25,688	23,38,839
	3,30,48,358	1,10,05,046
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.15)*	1,24,73,687	–

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	39,12,792	31,35,898
Other provisions		
Income taxes (net of advance tax and tax deducted at source)	38,42,664	43,592
	77,55,456	31,79,490

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2015	6,081	6,081
Additions during the year	5,61,681	5,61,681
Deductions / adjustments / retirements during the year	24,726	24,726
As at December 31, 2015	5,92,488	5,92,488
Depreciation and amortization		
As at January 1, 2015	6,081	6,081
For the year	1,52,912	1,52,912
Deductions / adjustments during the year	2,636	2,636
As at December 31, 2015	1,61,629	1,61,629
Net book value		
As at December 31, 2015	4,30,859	4,30,859

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2014	6,825	6,825
Additions during the year	–	–
Deductions / adjustments / retirements during the year	(744)	(744)
As at December 31, 2014	6,081	6,081
Depreciation and amortization		
As at January 1, 2014	6,825	6,825
For the year	–	–
Deductions / adjustments during the year	(744)	(744)
As at December 31, 2014	6,081	6,081
Net book value		
As at December 31, 2014	–	–

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful lives of computer equipment with effect from April 1, 2014. Accordingly, the useful lives of computer equipment required a change from the previous estimates.

2.7 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	2,41,222	2,94,267

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	60,306	73,567
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangement is auto renewable for a term similar to the current term.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Loans and advances to employees		
Housing and other loans	–	9,22,237
	–	9,22,237

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Unsecured		
Considered good [(1)]	6,25,82,182	95,33,502
	6,25,82,182	95,33,502
[(1)] *Includes dues from fellow subsidiaries (Ref to Note 2.15)*	3,80,76,104	95,33,502

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	1,53,11,394	1,80,11,981

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Raiffeisenbank a.s. (CZK)	1,53,11,394	1,80,11,981
	1,53,11,394	1,80,11,981

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	81,379	1,00,835
Withholding and other taxes receivable	2,58,194	2,68,832
Others	–	14,983
	3,39,573	3,84,650
Rental deposits	41,111	42,805
	41,111	42,805
	3,80,684	4,27,455

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	565	567
Miscellaneous income, net	7	–
Gains / (losses) on foreign currency, net	(87,676)	(3,86,858)
	(87,104)	(3,86,291)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	8,05,57,350	5,62,96,776
Staff welfare	4,62,541	3,82,366
	8,10,19,891	5,66,79,142
Other expenses		
Office maintenance	2,23,611	5,08,001
Rent	2,41,222	2,94,267
Rates and taxes, excluding taxes on income	1,66,417	58,268
Bank charges and commission	53,378	56,557
Miscellaneous	2,78,327	6,34,542
	9,62,955	15,51,635

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	62,46,049	16,88,035
Deferred taxes	–	–
	62,46,049	16,88,035

2.15 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova)(9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems)(12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*

(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	35,52,612	3,96,984
Lodestone Management Consultants Inc.	59,340	
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	5,73,569	–
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	86,18,395	34,79,825
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	2,52,72,188	56,56,693
Total	3,80,76,104	95,33,502
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	24,29,587	–
Lodestone Management Consultants Sp. z.o.o.	34,782	–
Total	24,64,369	–
Other payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,06,80,000	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	17,93,687	–
Total	1,24,73,687	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Transfer of fixed assets		
Lodestone Management Consultants Sp. z.o.o.	5,61,681	–
Total	5,61,681	–
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Sp. z.o.o.	3,44,982	1,95,376
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	24,56,886	–
Total	28,01,868	1,95,376
Sale of services		
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	50,08,091	1,58,91,592
Lodestone Management Consultants Inc.	8,09,112	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	79,63,150	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,97,28,579	90,22,427
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	11,05,83,023	7,52,51,672
Total	14,40,91,955	10,01,65,691

2.16 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

2.17 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

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Lodestone Management Consultants GmbH

Independent Auditor's report

To the Members of Lodestone Management Consultants GmbH.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants GmbH. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Place : Bangalore

Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	53,93,200	53,93,200
Reserves and surplus	2.2	(2,57,57,842)	(2,39,94,900)
		(2,03,64,642)	(1,86,01,700)
CURRENT LIABILITIES			
Short-term borrowings	2.3	1,06,34,406	1,89,97,642
Trade payables	2.4	38,40,084	3,05,117
Other current liabilities	2.5	1,37,39,148	1,97,89,721
Short-term provisions	2.6	13,71,172	29,00,081
		2,95,84,810	4,19,92,561
		92,20,168	2,33,90,861
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	–	–
		–	–
Long-term loans and advances	2.8	2,13,878	47,54,150
		2,13,878	47,54,150
CURRENT ASSETS			
Trade receivables	2.9	83,438	1,55,37,011
Cash and cash equivalents	2.10	66,63,400	17,26,476
Short-term loans and advances	2.11	22,59,452	13,73,224
		90,06,290	1,86,36,711
		92,20,168	2,33,90,861
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8 , 2016

for and on behalf of the Board of Directors of
Lodestone Management Consultants GmbH

Jürgen Bauer
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		4,76,53,556	9,72,28,840
Other income	2.12	743	49
Total revenue		4,76,54,299	9,72,28,889
Expenses			
Employee benefit expenses	2.13	3,60,43,754	7,62,23,193
Travel expense		1,12,77,316	2,14,88,596
Communication expense		1,69,063	4,19,971
Consultancy and professional charges		24,71,784	21,36,117
Finance cost		1,76,817	3,98,761
Depreciation and amortization expenses	2.7	–	20,739
Other expenses	2.13	2,32,460	2,90,398
Total expenses		5,03,71,194	10,09,77,775
PROFIT / (LOSS) BEFORE TAX		(27,16,895)	(37,48,886)
Tax expense			
Current tax	2.14	1,22,959	98,860
Deferred tax	2.14	–	60,05,164
PROFIT / (LOSS) FOR THE YEAR		(28,39,854)	(98,52,910)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of
Lodestone Management Consultants GmbH

Jürgen Bauer
Director

Place : Bangalore
Date : January 8 , 2016

Cash Flow Statement

in ₹

Particulars		Year Ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		(27,16,895)	(37,48,886)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		–	20,739
Interest and dividend income		–	(3,787)
Effect of exchange differences on translation of assets and liabilities		10,76,912	29,96,176
Changes in assets and liabilities			
Trade receivables		1,54,53,573	(1,02,83,903)
Loans and advances and other assets		36,40,756	(46,05,827)
Liabilities and provisions		(41,62,715)	1,53,95,284
		1,32,91,631	(2,30,204)
Income taxes paid		8,529	53,600
NET CASH GENERATED BY OPERATING ACTIVITIES		1,33,00,160	(1,76,604)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		–	3,787
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		–	3,787
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent company		(83,63,236)	(16,91,324)
NET CASH USED IN FINANCING ACTIVITIES		(83,63,236)	(16,91,324)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		49,36,924	(18,64,141)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		17,26,476	35,90,617
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		66,63,400	17,26,476
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of
Lodestone Management Consultants GmbH

Jürgen Bauer
Director

Place : Bangalore
Date : January 8 , 2016

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants GmbH ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Computer equipment [1]	3-5 years

[1] *For computer equipment, based on technical evaluation, the Management believes that the useful life as given above best represent the period over which the Management expects to use this asset. Hence, the useful life for this asset is different from the useful life as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.7*)

1.11 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.16 Cash flow statement

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

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2015	As at December 31, 2014
Authorised capital		
EUR 80,000	53,93,200	53,93,200
Issued, subscribed and paid-up		
EUR 80,000	53,93,200	53,93,200
	53,93,200	53,93,200

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Foreign currency translation reserve – opening balance	8,54,411	(21,41,691)
Add: Foreign currency translation during the year	10,76,912	29,96,102

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – closing balance	19,31,323	8,54,411
Surplus – opening balance	(2,48,49,311)	(1,49,96,401)
Add: Net profit after tax transferred from Statement of Profit and Loss	(28,39,854)	(98,52,910)
Surplus – closing balance	(2,76,89,165)	(2,48,49,311)
	(2,57,57,842)	(2,39,94,900)

2.3 Short term borrowings[(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans	1,06,34,406	1,89,97,642
	1,06,34,406	1,89,97,642
[(1)] *Includes dues to holding company (Refer to Note 2.16)*	1,06,34,406	1,89,97,642

2.4 Trade payables [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	38,40,084	3,05,117
	38,40,084	3,05,117
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	38,40,084	3,05,117

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	–	19,13,250
Other liabilities		
Provision for expenses	1,23,80,812	1,39,41,173
Withholding and other taxes payable	13,58,336	39,35,298
	1,37,39,148	1,97,89,721

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	11,16,335	27,63,444
Other provisions		
Income taxes (net of advance tax and TDS)	2,54,837	1,36,637
	13,71,172	29,00,081

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets	Total
	Computer equipment	
Original cost		
As at January 1, 2015	3,50,603	3,50,603
Additions / adjustments during the period	–	–
Deductions / retirement during the period	20,508	20,508
As at December 31, 2015	3,71,111	3,71,111
Depreciation and amortization		
As at January 1, 2015	3,50,603	3,50,603
For the period	–	–
Deductions / adjustments during the period	20,508	20,508
As at December 31, 2015	3,71,111	3,71,111
Net book value		
As at December 31, 2015	–	–

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹ , except as otherwise stated

Particulars	Tangible assets	Total
	Computer equipment	
Original cost		
As at January 1, 2014	3,89,559	3,89,559
Additions / adjustments during the period	–	–
Deductions / retirement during the period	(38,956)	(38,956)
As at December 31, 2014	3,50,603	3,50,603
Depreciation and amortization		
As at January 1, 2014	3,68,746	3,68,746
For the period	20,739	20,739
Deductions / adjustments during the period	(38,882)	(38,882)
As at December 31, 2014	3,50,603	3,50,603
Net book value		
As at December 31, 2014	–	–

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful lives of computers with effect from April 1, 2014. Accordingly, the useful lives of computers required a change from the previous estimates.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Other loans and advances		
Advances to employees – Non current	–	45,26,984
Advance income taxes (net of provisions)	2,13,878	2,27,166
	2,13,878	47,54,150

2.9 Trade receivables [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Unsecured		
Considered good	83,438	1,55,37,011
	83,438	1,55,37,011
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	–	1,55,00,248

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	66,63,400	17,26,476
	66,63,400	17,26,476

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Bank Austria	18,77,883	17,26,476
Citibank Austria (Euro Account)	47,85,517	–
Total cash and cash equivalents as per Balance Sheet	66,63,400	17,26,476

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Withholding and other taxes receivable	15,69,132	13,73,224
Loans and advances to employees		
Others	5,95,067	–
Salary advances	95,253	–
	22,59,452	13,73,224

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	–	3,787
Gains / (losses) on foreign currency, net	743	(3,738)
	743	49

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	3,60,42,494	7,61,95,604
Staff welfare	1,260	27,589
	3,60,43,754	7,62,23,193
Other expenses		
Provision for bad and doubtful debts and advances	1,334	–
Bank charges and commission	1,92,100	1,59,039
Miscellaneous	39,026	1,31,359
	2,32,460	2,90,398

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	1,22,959	98,860
Deferred taxes	–	60,05,164
	1,22,959	61,04,024

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited[(1)]	India

[(1)] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s.r.o)* [(1)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(1)]	Poland
Infosys BPO S. de R. L. de C. V [(1)(2)]	Mexico
Infosys McCamish Systems LLC [(1)]	U.S.
Portland Group Pty. Limited [(1)]	Australia

Name of fellow subsidiaries	Country
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova)(9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd.(11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	1,55,00,248
	–	1,55,00,248
Trade payables		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	33,81,957	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	4,44,349	–
Lodestone Management Consultants Sp. z.o.o.	13,778	19,439
	38,40,084	19,439
Unsecured loans		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	1,06,34,406	1,89,97,642
	1,06,34,406	1,89,97,642

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Financing transactions		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	(83,63,236)	–
	(83,63,236)	–
Revenue transactions		
Purchase of services including shared personnel and facilities		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	4,49,055	–
Lodestone Management Consultants Sp. z.o.o.	65,344	1,22,626
	5,14,399	1,22,626
Interest expense		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	1,75,740	3,98,761
	1,75,740	3,98,761
Sale of shared services including facilities and personnel		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	4,76,53,556	8,84,66,832
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	53,86,282
	4,76,53,556	9,38,53,114

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Infy Consulting Company Limited

(Formerly Lodestone Management Consultants Limited)

Financial statements 31 DECEMBER 2015

Independent auditor's report to the shareholders of Infy consulting Company Limited (formerly Lodestone Management Consultants Limited) For the year ended 31 December 2015

We have audited the financial statements of Infy Consulting Company Limited (formerly Lodestone Management Consultants Limited) for the year ended 31 December 2015, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christopher Shepherd (Senior statutory auditor)
for and on behalf of
Blick Rothenberg LLP
Chartered Accountants
Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH
14 March 2016

Profit and loss account for the year ended 31 December 2015

	Note	2015	2014
		£	£
Turnover	2	63,028,957	56,878,698
Cost of sales		(57,911,814)	(52,823,779)
Gross profit		5,117,143	4,054,919
Administrative expenses		(2,905,422)	(2,933,847)
Other operating income	3	38,436	18,500
Operating profit		2,250,157	1,139,572
Interest receivable and similar income	6	38,745	51,666
Interest payable and similar charges	7	(29,778)	(97,037)
Profit on ordinary activities before taxation		2,259,124	1,094,201
Taxation on profit/(loss) on ordinary activities	8	(569,147)	(570,420)
Profit for the financial year		1,689,977	523,781

There were no recognised gains and losses for 2015 other than those included in the profit and loss account.

The notes form intergral part of these financial statements.

Balance sheet as at 31 December 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	9	151,116	155,628
		151,116	155,628
Current assets			
Debtors: Amounts falling due within one year	10	18,063,087	11,931,191
Cash at bank and in hand	11	822,670	1,362,396
		18,885,757	13,293,587
Creditors: Amounts falling due within one year	12	(14,979,600)	(11,081,919)
Net current assets		3,906,157	2,211,668
Total assets less current liabilities		4,057,273	2,367,296
Net assets		4,057,273	2,367,296
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account	13	4,007,273	2,317,296
		4,057,273	2,367,296

The financial statements were approved and authorised for issue by the sole director.

J Milward

Director

Date: 4 March 2016

The notes form intergral part of these financial statements.

Statement of changes in equity as at 31 December 2015

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	50,000	2,317,296	2,367,296
Comprehensive income for the year			
Profit for the financial year	–	1,689,977	1,689,977
At 31 December 2015	50,000	4,007,273	4,057,273

Statement of changes in equity as at 31 December 2014

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	50,000	17,93,515	18,43,515
Comprehensive income for the year			
Profit for the financial year	–	5,23,781	5,23,781
At 31 December 2014	50,000	23,17,296	23,67,296

The notes form intergral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2015

Accounting policies

1.1 Basis of preparation of financial statements

Infy Consulting Company Limited provides management consultancy services.

The company is incorporated and domiciled in England. The address of its principal place of business is 14th Floor, 10 Upper Bank Street, Canary Wharf, London, E14 5NP.

The financial statements are presented in Sterling (£).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact first time adoption of FRS 102 is given in note 17.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- Exemption from the requirement to present a statement of cash flows (Section 7 statement of cash flows) and Section 3 financial statement presentation para 3.17(d);
- Exemption from disclosures relating to financial instruments (FRS 102 August 2014 edition Section 11 para 11.39 to 11.48A and Section 12 para 12.26 to 12.29A);
- Exemption from the requirement of Section 33 related party disclosures to disclose aggregate key management personnel compensation.

This information is included in the consolidated financial statements of Infosys Limited as at 31 March 2016 and these financial statements may be obtained from www.infosys.com.

The following principal accounting policies have been applied:

1.2 Going concern

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes but including expenses and disbursements.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognised immediately in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following bases:

Leasehold improvements	33%	straight line
Fixtures & fittings	33%	straight line
Computer equipment	33%	straight line

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

1.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable or payable'. All other foreign exchange gains and losses are presented in the profit and loss account within 'operating profit'.

1.6 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.8 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.9 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

1.10 Taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Analysis of turnover

The whole of the turnover is attributable to the provision of services.

Analysis of turnover by country of destination:

	2015	2014
	£	£
United Kingdom	31,95,722	52,93,929
Rest of Europe	37,42,372	54,65,657
Rest of the world	5,60,90,863	4,61,19,112
	6,30,28,957	5,68,78,698

3. Other operating income

	2015	2014
	£	£
Other operating income	38,436	18,500
	38,436	18,500

4 Operating profit

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets	97,823	75,986
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	15,000	12,383
Fees payable to the company's auditors and its associates for other services to the company:	–	–
- Taxation compliance services	54,854	18,910
Exchange differences	4,06,174	1,21,244

During the year, no director received any emoluments (2014 -£NIL).

5. Employees

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	2,67,12,734	3,16,43,238
Social security costs	36,00,471	43,65,708
Pension contributions	11,01,699	13,47,538
	31414904	37356484

The average monthly number of employees, including the director, during the year was as follows:

	2015	2014
	No.	No.
Consultants	265	305
Management	7	13
	272	318

6. Interest receivable

	2015	2014
	£	£
Interest receivable from group companies	37,301	51,574
Other interest receivable	1,444	92
	38,745	51,666

7. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	189	51
Interest payable to group undertakings	29,589	96,986
	29,778	97,037

8. Taxation

	2015	2014
	£	£
Corporation tax		
Current tax on profits for the year	5,95,865	5,70,420
Adjustments in respect of previous periods	(26,718)	–
	5,69,147	5,70,420
Total current tax	5,69,147	5,70,420

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 -higher than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.5%). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	22,59,124	10,94,201
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.5%)	4,57,473	2,35,253
Effects of:		
Expenses not deductible for tax purposes	27,625	16,110
Depreciation in excess of capital allowances	8,828	8,818
Adjustments to tax charge in respect of prior periods	(26,718)	–
Other differences leading to an increase in the tax charge	1,01,939	3,10,239
Total tax charge for the year	5,69,147	5,70,420

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance (No.2) Act 2015 on 18 November 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

9. Tangible fixed assets

	Fixtures & fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2015	1,22,869	2,71,808	3,94,677
Additions	–	93,311	93,311
Disposals	–	(7,066)	(7,066)
At 31 December 2015	1,22,869	3,58,053	4,80,922
Depreciation			
At 1 January 2015	84,760	1,54,289	2,39,049
Charge for the period	24,937	72,886	97,823
Disposals	–	(7,066)	(7,066)
At 31 December 2015	1,09,697	2,20,109	3,29,806
At 31 December 2015	13,172	1,37,944	1,51,116
At 31 December 2014	38,109	1,17,519	1,55,628

10. Debtors

	2015	2014
	£	£
Due within one year		
Trade debtors	33,94,654	15,02,124
Amounts owed by group undertakings	1,40,23,927	94,85,744
Other debtors	79,528	4,17,827
Prepayments and accrued income	2,96,451	5,14,278
Tax recoverable	2,68,527	11,218
	1,80,63,087	1,19,31,191

11 Cash and cash equivalents

	2015	2014
	£	£
Cash at bank and in hand	8,22,670	13,62,396
	8,22,670	13,62,396

12 Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	3,66,637	1,26,955
Amounts owed to group undertakings	64,24,684	59,74,704
Corporation tax	6,81,033	3,38,933
Taxation and social security	18,39,626	13,61,633
Other creditors	54,898	5,476
Accruals and deferred income	56,12,722	32,74,218
	1,49,79,600	1,10,81,919

13. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

14. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
50,000- Ordinary shares of £1 each	50,000	50,000

15. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

16. Parent undertaking and controlling party

The immediate parent undertaking is Infosys Consulting Holding AG, a company incorporated in Switzerland. Group financial statements are prepared but are not available to the public.

The ultimate parent undertaking is Infosys Limited, a company incorporated in India. Group financial statements are available from www.infosys.com.

The immediate controlling party is Infosys Consulting Holding AG, a company incorporated in Switzerland.

In the opinion of the director there is no ultimate controlling party.

17. First time adoption of FRS 102

This is the first year that the company has presented its results and financial position in accordance with FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014.The date of transition to FRS 102 was 1 January 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Detailed profit and loss account For the year ended 31 december 2015

	2015	2014
	£	£
Turnover	6,30,28,957	5,68,78,698
Cost of sales	(5,79,11,814)	(5,28,23,779)
Gross profit	51,17,143	40,54,919
Other operating income	38,436	18,500
	51,55,579	40,73,419
Less: overheads		
Administration expenses	(29,05,422)	(29,33,847)
Operating profit	22,50,157	11,39,572
Interest receivable	38,745	51,666
Interest payable	(29,778)	(97,037)
Tax on profit on ordinary activities	(5,69,147)	(5,70,420)
Profit for the year	16,89,977	5,23,781

Schedule to the detailed accounts. For the year ended 31 december 2015

	2015	2014
	£	£
Cost of sales		
Direct wages	2,67,12,734	3,16,43,238
NIC on direct labour	36,00,471	43,65,708
Staff pension contributions	11,01,699	13,47,538
Subcontractors and temporary staff	1,37,58,004	64,28,076
Consultancy costs	82,97,311	47,10,153
Travel and subsistence	44,26,983	43,25,156
Provision for post sales customer support	14,612	3,910
	5,79,11,814	5,28,23,779

	2015	2014
	£	£
Other operating income		
Other operating income	38,436	18,500
	38,436	18,500

	2015	2014
	£	£
Administration expenses		
Staff training	47,579	13,126
Staff welfare	2,53,478	3,71,519
Entertainment	2,78,652	1,43,540
Printing and stationery	31,088	6,038
Telephone	3,61,391	4,42,549
Computer costs	10,721	6,774
Advertising	6,273	14,648
Subscriptions	1,237	958
Legal and professional	7,14,787	1,46,610
Auditor's remuneration	5,009	12,383
Bank charges	3,762	10,797
Bad debt provision	(2,38,112)	2,73,110
Difference on foreign exchange	4,06,174	1,21,244
Sundry expenses	88,951	1,31,026
Rent, service charges and utilities	2,42,821	2,75,507
Insurance	30,346	16,678
Repairs and maintenance	58,194	1,30,908
Depreciation	97,823	75,986
Management fees	5,05,248	7,40,446
	29,05,422	29,33,847

	2015	2014
	£	£
Interest receivable		
Bank interest receivable	–	3
Other interest receivable	1,444	89
Group interest receivable	37,301	51,574
	38,745	51,666

	2015	2014
	£	£
Interest payable		
Bank interest payable	189	51
Group interest payable	29,589	96,986
	29,778	97,037

Lodestone Management Consultants B.V.

Independent Auditor's report

To the Members of Lodestone Management Consultants B.V.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants B.V. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its Profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bangalore

Date: January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	53,27,009	53,27,009
Reserves and surplus	2.2	6,59,14,489	(2,74,86,435)
		7,12,41,498	(2,21,59,426)
CURRENT LIABILITIES			
Short-term borrowings	2.3	4,15,97,357	7,40,85,231
Trade payables	2.4	8,00,02,243	4,12,25,759
Other current liabilities	2.5	20,88,24,546	7,74,56,168
Short-term provisions	2.6	4,59,71,738	87,65,572
		37,63,95,884	20,15,32,730
		44,76,37,382	17,93,73,304
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	25,90,439	14,15,835
		25,90,439	14,15,835
Long-term loans and advances	2.8	–	6,68,095
		25,90,439	20,83,930
CURRENT ASSETS			
Trade receivables	2.9	19,54,67,337	10,31,88,623
Cash and cash equivalents	2.10	4,45,24,390	3,97,73,964
Short-term loans and advances	2.11	20,50,55,216	3,43,26,787
		44,50,46,943	17,72,89,374
		44,76,37,382	17,93,73,304
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of Board of Directors of Lodestone Management Consultants B.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Wouter van der Meer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		86,73,49,144	51,29,41,480
Other income	2.12	(29,65,176)	(3,55,928)
Total revenue		86,43,83,968	51,25,85,552
Expenses			
Employee benefit expenses	2.13	41,04,59,781	27,94,87,124
Cost of technical sub-contractors	2.13	24,48,53,994	15,63,05,717
Travel expenses		5,76,82,363	4,46,49,872
Communication expense		63,20,720	35,63,788
Consultancy and professional charges		1,64,97,415	2,71,33,162
Interest expenses		22,87,427	15,83,454
Depreciation and amortization expenses	2.7	13,07,372	5,86,762
Other expenses	2.13	97,78,956	48,38,135
Total expenses		74,91,88,028	51,81,48,014
PROFIT / (LOSS) BEFORE TAX		11,51,95,940	(55,62,462)
Tax expense			
Current tax	2.14	2,53,20,446	4,00,602
Deferred tax	2.14	–	68,72,682
PROFIT / (LOSS) FOR THE PERIOD		8,98,75,494	(1,28,35,746)
EARNINGS / (LOSS) PER EQUITY SHARE			
Equity shares of par value USD 0.50/- each			
Basic and diluted		4,993	(713)
Number of shares used in computing earnings per share			
Basic and diluted		18,000	18,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Lodestone Management Consultants B.V.

Wouter van der Meer
Director

Peter Ödman
Director

Cash Flow Statement

in ₹

Particulars		Year Ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,51,95,940	(55,62,462)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		13,07,372	5,86,762
Provision for doubtful debts		69,53,981	13,64,648
Provision for post-sales client support and warranties		(296)	802
Interest and dividend income		–	(82,560)
Effect of exchange differences on translation of subsidiaries		35,42,968	59,94,943
Changes in assets and liabilities			
Trade receivables		(9,92,32,695)	(2,66,44,888)
Loans and advances and other assets		(17,00,60,334)	71,49,948
Liabilities and provisions		18,14,31,067	3,45,13,009
		3,91,38,003	1,73,20,202
Income taxes refund / (paid)		5,99,811	(35,49,308)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,97,37,814	1,37,70,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(24,99,514)	(8,73,335)
Interest and dividend received		–	82,560
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(24,99,514)	(7,90,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received / (repaid)		(3,24,87,874)	1,47,26,147
NET CASH USED IN FINANCING ACTIVITIES		(3,24,87,874)	1,47,26,147
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		47,50,426	2,77,06,266
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,97,73,964	1,20,67,698
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,45,24,390	3,97,73,964
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Lodestone Management Consultants B.V.

Wouter van der Meer
Director

Peter Ödman
Director

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultant B.V. ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act 2013 ('Act') read with Rule 7 of the Companies(Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Office equipment	5 years
Computer equipment [(1)]	3 - 5 Years
Furniture and fixtures [(1)]	5 Years

[(1)] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.7)*

1.11 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation under project unit cost method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

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

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2,014
Authorized		
18,000 (18,000) Common Stock, EURO 5/- par value	53,27,009	53,27,009
Issued, subscribed and paid-up		
18,000 (18,000) Common Stock, EURO 5/- par value	53,27,009	53,27,009
[Of the above, 18,000 (18,000) Common Stock are held by the holding company, Infosys Consulting Holding AG (formerly, Lodestone Holding AG)	53,27,009	53,27,009

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

in ₹

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	18,000	100	18,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

in ₹

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning of the period	18,000	53,27,009	18,000	53,27,009
Shares at the end of the period	18,000	53,27,009	18,000	53,27,009

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2,014
Foreign currency translation reserve – opening balance	(21,33,084)	(79,83,729)
Add: Foreign currency translation during the year	35,25,430	58,50,645
Foreign currency translation reserve – closing balance	13,92,346	(21,33,084)
Surplus – opening balance	(2,53,53,351)	(1,25,17,605)
Add: Net profit after tax transferred from Statement of Profit and Loss	8,98,75,494	(1,28,35,746)
Surplus – closing balance	6,45,22,143	(2,53,53,351)
	6,59,14,489	(2,74,86,435)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2015	2,014
Unsecured loan	4,15,97,357	7,40,85,231
	4,15,97,357	7,40,85,231
(1) *Loan from holding company (Refer note 2.16)*	4,15,97,357	7,40,85,231

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2,014
Trade payables (1)	8,00,02,243	4,12,25,759
	8,00,02,243	4,12,25,759
(1) *Includes dues to fellow subsidiaries (Refer to Note No 2.16)*	5,83,21,337	3,49,49,422

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	2,24,51,817	1,29,42,786
Salaries and benefits	–	32,05,291
Unearned revenue	80,87,947	–
Other liabilities		
Provision for expenses (1)	3,17,60,792	2,56,06,112
Withholding and other taxes payable	13,23,87,074	3,57,01,979
Other payables (2)	1,41,36,916	–
	20,88,24,546	7,74,56,168
(1) *Includes dues to fellow subsidiaries (Refer to Note No 2.16)*	1,12,04,025	–
(2) *Includes dues to fellow subsidiaries (Refer to Note No 2.16)*	1,40,88,692	–

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated benefits	2,00,51,481	87,65,572
Other provisions		
Income taxes (net of advance tax and TDS)	2,59,20,257	–
	4,59,71,738	87,65,572

2.7 Fixed assets

The changes in the carrying value of fixed assets for the year ended December 31, 2015 are as follows:

in ₹, except otherwise stated

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2015	1,12,415	20,91,145	5,87,208	27,90,768
Additions / adjustments during the period	–	24,99,514	–	24,99,514
Deductions / retirements during the period	(59,133)	(38,916)	(34,348)	(1,32,397)
As at December 31, 2015	53,282	45,51,743	5,52,860	51,57,885
Depreciation and amortization				
As at January 1, 2015	1,12,415	10,30,135	2,32,383	13,74,933
For the period	–	11,01,551	2,05,821	13,07,372
Deductions / adjustments during the period	(59,133)	(45,989)	(9,737)	(1,14,859)
As at December 31, 2015	53,282	20,85,697	4,28,467	25,67,446
Net book value				
As at December 31, 2015	–	24,66,046	1,24,393	25,90,439

The changes in the carrying value of fixed assets for the year ended December 31, 2014 are as follows:

in ₹, except otherwise stated

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2014	1,24,906	14,04,981	6,52,453	21,82,340
Additions / adjustments during the period	–	8,73,335	–	8,73,335
Deductions / retirements during the period	(12,491)	(1,87,171)	(65,245)	(2,64,907)
As at December 31, 2014	1,12,415	20,91,145	5,87,208	27,90,768
Depreciation and amortization				
As at January 1, 2014	97,148	6,35,379	1,76,252	9,08,779
For the period	26,911	4,81,941	77,910	5,86,762
Deductions / adjustments during the period	(11,644)	(87,185)	(21,779)	(1,20,608)
As at December 31, 2014	1,12,415	10,30,135	2,32,383	13,74,933
Net book value				
As at December 31, 2014	–	10,61,010	3,54,825	14,15,835

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Other loans and advances		
Advances to employees	–	6,68,095
	–	6,68,095

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Unsecured		
Considered good [1]	20,16,86,197	10,31,88,623
Debts outstanding for a period exceeding six months		
Considered doubtful	18,32,315	13,34,504
	20,35,18,512	10,45,23,127
Less: Provision for doubtful debts	80,51,175	13,34,504
	19,54,67,337	10,31,88,623
[1] *Includes dues from fellow subsidiaries (Refer to Note No. 2.16)*	10,23,67,175	8,25,84,435

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	–	–
Balances with banks		
In current accounts	4,45,24,390	3,97,73,964
	4,45,24,390	3,97,73,964

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
ING (Euro)	4,32,67,614	3,97,73,964
Deutsche Bank	12,56,776	–
Total cash and cash equivalents as per Balance Sheet	4,45,24,390	3,97,73,964

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	58,690	–
Withholding and other taxes receivable	11,97,80,151	1,86,70,071
Salary advance	14,17,936	3,73,805
Others [1]	3,79,03,116	–
	15,91,59,893	1,90,43,876
Restricted deposits		–
Unbilled revenues	4,58,95,323	1,49,26,653
Security deposits	–	3,56,258
	20,50,55,216	3,43,26,787
[1] *Includes dues from fellow subsidiaries (Refer to Note No. 2.16)*	3,79,03,116	–

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	–	82,560
Miscellaneous income, net	–	5,765
Gains / (losses) on foreign currency, net	(29,65,176)	(4,44,253)
	(29,65,176)	(3,55,928)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	40,96,29,678	27,82,71,897
Staff welfare	8,30,103	12,15,227
	41,04,59,781	27,94,87,124
Cost of technical sub-contractors		
- related parties	17,09,48,077	10,12,53,863
- others	7,39,05,917	5,50,51,854
	24,48,53,994	15,63,05,717

in ₹

Particulars	Year ended December 31,	
	2015	2014
Other expenses		
Office maintenance	7,379	87,432
Rent	58,268	6,05,903
Computer maintenance	19,913	60,139
Insurance charges	–	35,031
Provision for post-sales client support and warranties	(296)	802
Provision for bad and doubtful debts and advances	69,53,981	13,64,648
Bank charges and commission	65,681	72,318
Miscellaneous	26,74,030	26,11,862
	97,78,956	48,38,135

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	2,53,20,446	4,00,602
Deferred taxes	–	68,72,682
	2,53,20,446	72,73,284

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited [1]	India

[1] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o *(formerly Infosys BPO s.r.o)* (1)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	UK
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)*	Romania
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova)(9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd.(11)	Israel
Panaya Gmbh(11)	Germany
Panaya Pty Ltd.(11)	Australia
Panaya Japan Co. Ltd.(11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems)(12)	India
Kallidus Inc. (Kallidus)(13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans		
Infosys Consulting Holding AG *(Infosys Lodestone) (formerly Lodestone Holding AG)*	4,15,97,357	7,40,85,231
Total	4,15,97,357	7,40,85,231

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	–	2,90,29,341
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	54,95,219	2,34,81,377
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	6,65,624	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	9,43,93,855	3,00,73,717
Lodestone Management Consultants Inc.	18,12,477	–
Total	10,23,67,175	8,25,84,435
Other receivables		
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	1,77,19,386	–
Lodestone Management Consultants (Belgium) S.A.	2,01,83,730	–
Total	3,79,03,116	–
Trade payables		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	25,83,728	1,92,29,037
Lodestone Management Consultants Sp. z.o.o.	13,15,507	3,90,137
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	8,00,252	26,88,543
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	73,36,125	55,67,889
Lodestone Management Consultants (Belgium) S.A.	2,81,13,789	70,73,816
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	29,55,209	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	1,52,16,727	–
Total	5,83,21,337	3,49,49,422
Other payables		
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	35,65,118	–
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	39,06,194	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	66,17,380	–
Total	1,40,88,692	–
Provision for expense		
Infosys BPO (Poland) Sp Z.o.o	1,12,04,025	–
Total	1,12,04,025	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Loan Taken / (repaid)		
Infosys Consulting Holding AG *(Infosys Lodestone) (formerly Lodestone Holding AG)*	(3,24,87,874)	1,47,26,147
Total	(3,24,87,874)	1,47,26,147
Purchase of shared services including facilities and personnel		
Lodestone Management Consultants (Belgium) S.A.	8,14,58,727	6,70,47,235
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	69,76,521
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,72,17,919	2,40,38,016
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	1,82,12,177	2,10,496
Lodestone Management Consultants Sp. z.o.o.	38,46,318	21,73,139
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	2,77,44,029	–
Infosys BPO (Poland) Sp Z.o.o	1,11,41,746	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	74,13,814	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,23,67,710	71,01,363
Total	17,94,02,440	10,75,46,770
Interest expense		
Infosys Consulting Holding AG *(Infosys Lodestone) (formerly Lodestone Holding AG)*	6,78,963	15,80,473
Total	6,78,963	15,80,473
Sale of services		
Lodestone Management Consultants (Belgium) S.A.	–	97,70,358
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,65,12,781	86,14,902
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	2,48,48,053	3,15,62,766
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	32,99,23,225	14,39,92,108
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	19,03,42,051	4,78,84,709
Lodestone Management Consultants Inc	1,06,27,060	46,81,624
Total	57,22,53,170	24,65,06,467

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Infosys consulting sp. Z o.o.

Independent auditor's opinion

To the Shareholder of Infosys Consulting Sp. z o.o.

We have audited the attached financial statements of Infosys Consulting Sp. z o.o. (until 14 January 2016 Lodestone Management Consultants Sp. z o.o.) with its registered office in Wroclaw, including:

- introduction to the financial statements,
- balance sheet prepared as of 31 December 2015, with total assets and liabilities plus equity of PLN 12,209,876.37.
- profit and loss account for the period from 1 January 2015 to 31 December 2015, disclosing a net profit of PLN 2,73,201.69.
- statement of changes in equity for the period from 1 January 2015 to 31 December 2015, disclosing an increase in equity of PLN 2,173,201.69.
- cash flow statement for the period from 1 January 2015 to 31 December 2015, showing a net cash increase of PLN 1,769,307.21.
- additional information and explanations.

Preparation of these financial statements, compliant with regulations in force as well as the report on activities is the responsibility of the Management Board of the Company.

The Management Board is obliged to ensure that the financial statements and the report on activities meet the requirements of the Accounting Act of 29 September 1994 (Dz. U. of 2013 No. 330), further referred to as "the Accounting Act"

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with :

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements.

We believe that our audit provides a sufficient basis for our opinion.

In our opinion, the audited financial statements of Infosys Consulting Sp. z o.o. for the 2015 financial year, were prepared in all material aspects :

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as of 31 December 2015 as well as its financial result in the financial year from 1 January 2015 to 31 December 2015,
- have been prepared in accordance with the applicable accounting principles (policy) arising from the Accounting Act and its executor provisions, and based on properly kept accounting records,
- comply with the provisions of law and the articles of association of the Company which affect the contents of the financial statements

The Report on activities of the Company for the 2015 financial year is complete in the meaning of Article 49 clause 2 of the Accounting Act and consistent with the underlying information disclosed in the audited financial statements.

Piotr Łyskawa

Key certified auditor
No. 90051

Bielany Wrocławskie, 29 January 2016

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Introduction to the financial statements

For the period from 1 January 2015 to 31 December 2015

1. Principal activities of the Company

Infosys Consulting Sp. z o.o. with a registered seat in Wrocław at ul. Strzegomska 142A, is registered in State Court Register for the City of Wrocław-Fabryczna under the number 0000285441. Its main operations comprise software implementation.

On 03.07.2015. The company changed its headquarters from ul. Klecinska 125 in Wroclaw ul. Strzegomska 142A Wroclaw

According to the Company's Articles of Association the period of operations is unlimited.

2. Financial Statements

Financial statements are produced on a going concern basis.

Financial statements are presented for the 12-month period from 1 January to 31 December 2015. Comparative data are presented for the same period of prior financial year.

3. Summary of principal accounting policies

(a) Basis of preparation

The accounting policies adopted in the preparation of the financial statements are in accordance with the Accounting Act of 29 September 1994 (Journal of Laws No. 121/591, with subsequent amendments), which specifies, inter-alia, accounting principles for entities which have their registered office or place of management on the territory of the Republic of Poland.

Accounting records are kept on the historical cost basis.

Profit and loss account was prepared using comparative method.

In preparing these financial statements appropriate accounting policies in respect of the Company's operations were applied on a consistent basis in the period ended 31 December 2015 as well as in the period ended 31 December 2014.

(b) Tangible fixed assets and intangible assets

Tangible fixed assets are assets with economic useful life of more than one year., ready for the Company's own use.

Intangible assets include property rights used by the Company in the operations, with economic useful life of more than one year.

Tangible fixed assets and intangible assets are stated at cost of purchase or manufacture or revalued amounts, less accumulated depreciation and permanent diminution in value.

Tangible fixed assets also include third party assets used under finance lease agreements, if the relevant agreement meets the criteria set out in the Act. Lease agreements signed by the Company relate to cars.

Fixed assets under construction are new assets during the construction, assembly or improvement of existing fixed assets.

Prepayments for fixed assets under construction represent cash means or equivalents paid to suppliers for future deliveries of fixed assets and fixed assets under construction.

Fixed assets are stated in net book value, which is the initial cost less accumulated depreciation or amortisation and permanent diminution in value.

The initial cost of tangible fixed assets includes all costs borne during the period of construction, assembly and preparation, as well as non deductible value added tax and the cost of servicing liabilities incurred to finance them reduced by the applicable income. In particular, finance costs may include interest, commission and foreign exchange gains or losses relating to loans as well as trade payables or prepayments during the construction period.. Income, which reduces such costs, may relate to interest received on time deposits of cash from loans received.

A write down for permanent diminution in value is made in the event when it is probable that an asset will not bring a part or a whole of expected economic benefits. In the event of changes being made to the existing production process, earmarking the given asset for scrapping, discontinuing its use for other reasons, which give rise to a permanent diminution in the value of such tangible or intangible fixed asset, a write-down is recognised as part of other operating expenses.

Depreciation and amortisation is recognised on the straight line basis., starting form the first day of the month following the month of putting the asset into use. The correctness of depreciation rates and other data is periodically reviewed by Management . As a result, adjustments to rates and to depreciation charges are made starting from the first month of subsequent accounting period.

Annual depreciation rates for the principal categories of tangible assets are as follows:

Plant and machinery	10%, 30%
Other	20%

Fixed assets under construction, and land, including rights to perpetual usufruct of land, are not depreciated.

(c) Receivables

Receivables are long term if they are due after more than one year from the balance sheet date. Receivables are short term if they are due within one year from the balance sheet date.

Receivables are stated at amounts due at the balance sheet date including the late interest accrued, carried net of write-downs.

Receivables are adjusted by a write-downs taking into account the probability of repayment Depending on the type of receivables write downs are charged to other operating costs or financial costs.

Taxation, state subsidy and social security receivables are stated at amounts due on the basis of regulations, agreements and other relevant documentation.

(d) Monetary assets

Monetary assets include cash in hand and cash at bank, bank deposits maturing within three months of the balance sheet date, cheques, bills of exchange and similar instruments due within three months from the date of issue. Monetary assets also include interest due but not received.

Cash and cash equivalents are stated at face value.

Interest received and due is included in financial income.

Financials assets due or maturing within three months from the date of issue or placement are classified as cash for cash flow reporting purposes.

Cash flow statement was prepared using indirect method.

(e) Prepayments, accruals and deferred income

i. Prepayments

Prepayments include invoiced amounts of services to be received in future periods. The timing and method of recognition in the income statement should correspond to the nature of the expenses recognised, taking account of the prudence principle.

ii. Accruals

Accruals are recognised at amounts of likely liabilities, which relate to the current reporting period, in particular with regard to:

– Goods and services provided to the Company by its creditors, if the amount of liability can be reliably estimated;

– The obligation to provide, in the future, goods and services, relating to current activities, to unknown persons, the amount of which can be estimated even though the timing of a liability is not yet known, including amounts relating to guarantee and warranty service in respect of durable products sold.

Accruals are recognised in the income statement in proportion to the goods or services provided. The timing and method of recognition in the income statement should correspond to the nature of the expenses recognised, taking account of the prudence principle.

iii. Deferred income

Deferred income is recognised by taking account of the prudence principle and in particular includes the following:

– Amounts received or receivable from creditors in respect of goods or services to be provided in future reporting periods;
– Cash received to finance the purchase or manufacture of property, plant and equipment, including property, plant and equipment in the course of construction and development costs, if, in accordance with other acts, it is not credited to equity. Amounts recognised as deferred income are to be gradually recognised as other operating income, in line with the depreciation or amortisation of property, plant and equipment or development costs financed therefrom;
– Fixed assets in the course of construction, property, tangible and intangible assets received free of charge, including donations. Amounts recognised as deferred income are to be gradually recognised as other operating income, in line with the depreciation or amortisation of property, plant and equipment or intangible assets;

(f) Services provided on the basis of contracts whose term exceeds 6 months

Revenue on contractual services in progress, including construction contracts, whose term exceeds 6 months, which are completed to a significant extent as at the balance sheet date, is determined as at the balance sheet date in proportion to the stage of completion.

The stage of completion is measured by reference the number of direct hours worked on providing the services.

If a service contract, including a construction contract, is:

- A cost-plus contract, then revenue on services in progress is determined at costs related to the proportion of services provided, plus the profit;
- a fixed price contract, then revenue on services in progress is determined in proportion to the stage of completion of the said services, if the stage of completion of the said services as at the balance sheet date can be reliably estimated..

Irrespective of the revenue recognition method applied, the expected loss on providing services is recognised as an expense.

Costs of services in progress, including construction contracts, comprise costs incurred as from the relevant contract date to the given balance sheet date. Contract costs incurred prior to the contract date are recognised as assets if they are likely to be covered by contract revenue from the engager in the future.

If revenue is determined by reference to the stage of completion of services in progress other than on the basis of the proportion of costs incurred as from the contract date to the date of determining revenue in relation to the total cost of providing the given services, then the costs to be recognised in the income statement of the Company are determined as that portion of total contract costs which corresponds to the stage of completion of the said services, less costs recognised in the income statements in prior reporting periods, having taken account of the loss on providing services. Any difference between actual costs and costs recognised in the income statement is recognised as prepayments

(g) Shareholders' equity

Shareholders' equity comprises share capital, supplementary capital and reserves established by the Company on the basis of legislation, the Articles of Association and decisions of general meetings of shareholders, as well as amount of cumulative profits or losses from previous years.

Share capital is stated at nominal value in the amount specified in Articles of Association and entered in the Commercial Register.

Share capital not paid up (negative amount) represents amounts due but not paid by shareholders.

Based on the shareholders resolution describing the date and the amount of additional shareholders' contributions, the amount of the additional shareholders' contributions is stated as separate item of equity as long as the contributions are used according to their purpose. Additional contributions not paid up are stated as a negative amount.

Supplementary capital includes premiums arising on issue of shares, other amounts determined by legislation or the Articles of Association and amounts transferred from profit and loss account on the basis of resolutions of general meetings of shareholders.

Retained earnings (losses) brought forward include cumulative profits and losses from previous years which have not been distributed or appropriated by resolution of general meetings of shareholders.

(h) Liabilities

Liabilities are long term if they are due more than one year from the balance sheet date. Liabilities are short term if they are due within a year from the balance sheet date.

Liabilities are stated at amounts due in respect of goods or services received, including the late interest due at the balance sheet date. Interest is charged to financial costs.

(i) Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Polish currency at the balance sheet date using the average rate determined for that currency by the National Bank of Poland as on the balance sheet date.

Business transactions denominated in foreign currencies are accounted for as on the date they are performed at:

- the average rate determined for that currency by the National Bank of Poland - in case of foreign currency sales or purchases transactions, as well as of the debt or liability payment transactions;

-the average rate of a given currency specified by the National Bank of Poland as on the date previous to transaction date, unless a customs document indicates another rate – in case of sales and purchases transactions.

Realised foreign exchange gains or losses as well as gains or losses arising on translation of foreign currency balances at the balance sheet date are credited or charged to financial income or costs respectively, and in justified cases charged to manufacture costs of finished goods or acquisition cost of goods for resale, fixed assets, fixed assets under construction or intangible assets.

(j) Revenue recognition

Sales are recognised at the time goods are delivered or services are provided. Sales are recognised net of value-added taxes or any discounts allowed.

(k) Obligatory charges on the financial result

Obligatory charges on the financial result include Corporate Income Tax on profit determined in accordance with relevant legislation, deferred taxation and other mandatory charges on profit of a similar nature.

Corporate Income Tax charge is based on the reported profit adjusted in respect of non-taxable income, non-deductible expenses, investment relief, donations and relief for losses incurred in prior years.

The Company recognises deferred tax provisions and determines deferred tax assets in respect of temporary differences between the book values of assets or liabilities and their tax bases, and tax loss carryforwards.

Deferred tax assets are determined at the amount of corporation tax recoverable in the future in respect of deductible temporary differences and the carryforward of tax losses, taking account of the prudence principle.

The Company calculates deferred tax assets taking into account all deductible temporary differences and tax losses carried forward, and at the same time write downs of these assets are determined if necessary.

A deferred tax provision shall be recognised at the amount of corporation tax payable in the future in respect of taxable temporary differences, i.e. differences that result in a higher tax base in the future.

Deferred tax provisions and assets shall be measured at tax rates applicable in the period in which the related tax obligation arises.

A deferred tax expense or income recognised in the income statement is the difference between deferred tax provisions and assets as at the beginning and end of a given reporting period, but deferred tax provisions or assets relating to transactions which are credited or charged to equity are also credited or charged to equity

Temporary differences include provisions, tax loss carryforwards and unrealised exchange gains and losses.

In the circumstances when temporary differences arise and reverse in the periods when different tax rates are applicable, for the purpose of calculation of deferred tax assets and liabilities those temporary differences which arise at first are assumed to reverse first.

The Company offsets deferred tax assets and deferred tax liabilities.

(l) Changes in accounting policies

In the year ended 31 December 2015 the Company has not made any changes in its accounting policies.

(m) Changes in methods for the preparation of financial statements

In the year ended 31 December 2015 there were no changes in methods of preparation of financial statements.

Balance sheet as at 31 December 2015

Amount in PLN

	Note	Current year	Previous year
ASSETS			
Fixed Assets		9,27,142.24	11,97,075.90
Intangible assets		–	–
Development costs		–	–
Goodwill		–	–
Other intangible assets		–	–
Prepayments for intangible assets		–	–
Fixed tangible assets	1	3,77,331.50	3,64,700.21
Fixed assets		3,77,331.50	3,64,700.21
Freehold land (including perpetual usufruct of land)		–	–
Buildings and structures		–	–
Plant and machinery		3,63,135.47	3,62,899.70
Vehicles		–	–
Other tangible fixed assets		14,196.03	1,800.51
Fixed assets under construction		–	–
Prepayments for fixed assets under construction		–	–
Long-term receivables	2	–	70,537.69
Related entities		–	–
Other entities		–	70,537.69
Long-term investments		–	–
Long-term prepayments		5,49,810.74	7,61,838.00
Deferred income tax assets		5,49,810.74	7,61,838.00
Other prepayments		–	–
Current assets		1,12,82,734.13	67,31,993.89
Inventories		–	–
Raw materials		–	–
Semi-finished products and work in progress		–	–
Finished products		–	–
Goods for resale		–	–
Prepayments for inventories		–	–
Receivables and claims	3	88,10,599.06	62,28,999.79
Related entities	15	70,28,633.40	44,70,473.44
trade debtors payable within a period of		70,28,633.40	44,70,473.44
- up to 12 months		70,28,633.40	44,70,473.44
- over 12 months		–	–
other		–	–
Other entities		17,81,965.66	17,58,526.35
trade debtors payable within a period of		4,63,774.85	11,03,744.19
- up to 12 months		4,63,774.85	11,03,744.19
- over 12 months		–	–
taxation, state subsidy and social security receivables		6,77,644.67	5,08,680.61
other debts		6,40,546.14	1,46,101.55
receivables in court		–	–
Short-term investments		19,35,324.07	1,66,016.86
Short term financial assets		19,35,324.07	1,66,016.86
in related entities		–	–
in other entities		–	–
cash and other monetary assets		19,35,324.07	1,66,016.86
- cash in hand and at bank		19,35,324.07	1,66,016.86
- other cash equivalents		–	–
- other monetary assets		–	–
Other short-term investments		–	–
Short-term prepayments	4	5,36,811.00	3,36,977.24
Total assets		1,22,09,876.37	79,29,069.79

Balance sheet as at 31 December 2015

Amount in PLN

	Note	Current year	Previous year
LIABILITIES and EQUITY			
Equity		45,57,884.97	23,84,683.28
Share capital (fund)	5	10,00,000.00	10,00,000.00
Share capital not paid up (negative amount)		–	–
Entity's own shares (negative amount)		–	–
Additional shareholders' contributions		8,00,000.00	8,00,000.00
Additional shareholders' contributions not paid up		–	–
Supplementary capital (fund)		–	–
Revaluation reserve		–	–
Other reserves (funds)		–	–
Retained earnings (losses) brought forward		5,84,683.28	(24,89,918.77)
Net profit (loss) for the year	6	21,73,201.69	30,74,602.05
Write-offs from net profit for the financial year (negative amount)		–	–
Liabilities and provisions		76,51,991.40	55,44,386.51
Provisions		–	–
Deferred income tax provision		–	–
Provision for retirement pensions and similar benefits		–	–
Other provisions		–	–
Long-term liabilities		–	–
Related entities		–	–
Other entities:		–	–
loans		–	–
debentures		–	–
other financial liabilities		–	–
other		–	–
Short-term liabilities		15,87,258.10	22,60,576.27
Related entities	7	5,01,758.65	78,819.91
trade creditors with maturity period of:		5,01,758.65	78,819.91
- up to 12 months		5,01,758.65	78,819.91
- over 12 months		–	–
other		–	–
Other entities		10,64,063.91	21,21,159.04
loans		–	–
debentures		–	–
other financial liabilities		–	–
trade creditors with maturity period of:	7	9,80,066.70	7,80,894.57
- up to 12 months		9,80,066.70	7,80,894.57
- over 12 months		–	–
payments received on account		–	–
bills of exchange payable		–	–
Taxation, customs duty and social security liabilities		–	13,40,207.25
wages and salaries payable		–	–
other short term payables		83,997.21	57.22
Special funds		21,435.54	60,597.32
Accruals and deferred income	8	60,64,733.30	32,83,810.24
Negative goodwill		–	–
Other accruals and deferred income		60,64,733.30	32,83,810.24
- long-term accruals and deferred income		–	–
- short-term accruals and deferred income		60,64,733.30	32,83,810.24
Total liabilities and equity		1,22,09,876.37	79,29,069.79

Profit and loss account

for the period from 1 January 2015 to 31 December 2015

Amount in PLN

	Note	Current year	Previous year
Sales	9	4,75,40,127.54	3,95,98,707.00
- from related parties		4,48,51,576.99	3,80,65,036.11
Sales of finished goods		4,75,40,127.54	3,95,76,710.70
Movement in inventories of finished goods and work in progress (increase - positive amount, decrease - negative amount)		–	–
Manufacturing cost of products for entity's own use		–	–
Sales of goods for resale and raw materials		–	21,996.30
Operating expenses		4,44,79,175.42	3,57,75,719.42
Depreciation and amortisation		1,91,081.37	94,769.88
Consumption of materials and energy		13,39,892.85	2,69,893.47
External services		1,37,14,553.36	1,11,64,739.12
Taxes and charges, including		1,56,438.29	1,08,158.42
- excise duty		–	–
Wages and salaries		1,96,07,062.52	1,57,16,110.47
Employee benefits		30,59,156.25	24,71,110.75
Other expenses		64,10,990.78	59,28,941.01
Cost of raw materials and goods for resale sold		–	21,996.30
Gross profit after selling, general and administrative expenses		30,60,952.12	38,22,987.58
Other operating income		46,862.29	48,441.86
Profit from non-financial fixed assets sold		3,047.34	5,602.54
Subsidies received		–	–
Other operating income		43,814.95	42,839.32
Other operating expenses		6,087.42	10,558.63
Loss on non financial fixed assets sold		–	–
Revaluation of non-financial assets		–	–
Other operating expenses		6,087.42	10,558.63
Operating profit		31,01,726.99	38,60,870.81
Financial income		–	489.05
Dividends received, including those		–	–
- from related entities		–	–
Interest received, including interest		–	489.05
- from related entities		–	–
Profit from investments sold		–	–
Revaluation of investments		–	–
Other		–	–
Financial expenses		51,349.04	1,15,540.30
Interest, including interest payable		628.57	1,936.29
- to related entities		–	–
Loss from investments sold		–	–
Revaluation of investments		–	–
Other		50,720.47	1,13,604.01
Profit on ordinary activities before tax		30,50,377.95	37,45,819.56
Result of extraordinary events		–	–
Extraordinary gains		–	–
Extraordinary losses		–	–
Profit before tax		30,50,377.95	37,45,819.56
Income tax	10	8,77,176.26	6,71,217.51
Other mandatory charges		–	–
Net profit		21,73,201.69	30,74,602.05

Statement of changes in equity

for the period from 1 January 2015 to 31 December 2015

Amount in PLN

	Current year	Previous year
Equity at the beginning of period	23,84,683.28	(6,89,918.77)
- fundamental errors adjustments	–	–
Equity at the beginning of period after adjustments	23,84,683.28	(6,89,918.77)
Share capital at the beginning of period	10,00,000.00	10,00,000.00
Changes in share capital	–	–
increase (due to)	–	–
- share issue	–	–
decrease (due to)	–	–
- redemption of shares		
Share capital at the end of period	10,00,000.00	10,00,000.00
Share capital not paid up at the beginning of period	–	–
Changes in share capital not paid up	–	–
increase (due to)		
decrease (due to)		
Share capital not paid up at the end of period	–	–
Entity's own shares at the beginning of period	–	–
increase (due to)		
decrease (due to)		
Entity's own shares at the end of period	–	–
Additional shareholders' contributions at the beginning of period	8,00,000.00	8,00,000.00
increase	–	–
decrease (due to)		
Additional shareholders' contributions at the end of period	8,00,000.00	8,00,000.00
Additional shareholders' contributions not paid up at the beginning of period	–	–
increase (due to)		
decrease (due to)		
Additional shareholders' contributions not paid up at the end of period	–	–
Supplementary capital at the beginning of period	–	–
Changes in supplementary capital	–	–
increase (due to)	–	–
- share premium		
- distribution of profit (statutory)		
- distribution of profit (above the minimum statutory value)		
decrease (due to)	–	–
- loss coverage		
Supplementary capital at the end of period	–	–
Revaluation reserve at the beginning of period	–	–
Changes in revaluation reserve	–	–
increase (due to)		
decrease (due to)	–	–
- disposals of fixed assets		
Revaluation reserve at the end of period	–	–
Other reserves at the beginning of period	–	–
Changes of other reserves	–	–
increase (due to)		
decrease (due to)		
Other reserves at the end of period	–	–
Profit (loss) brought forward at the beginning of period	(24,89,918.77)	(14,61,081.54)
Profit brought forward at the beginning of period	–	–
- changes in accounting policies	–	–
Revaluation of assets and liabilities denominated in foreign currencies		
Deferred taxation		
- other adjustments		
Profit brought forward at the beginning of period, after adjustments	–	–
increase (due to)	5,84,683.28	–
- distribution of profit brought forward	5,84,683.28	
decrease (due to)	–	–
- coverage of loss	–	–
Profit brought forward at the end of period	5,84,683.28	–
Loss brought forward at the beginning of period	(24,89,918.77)	(14,61,081.54)
- changes in accounting policies	–	–
Revaluation of assets and liabilities denominated in foreign currencies		

	Current year	Previous year
Deferred taxation		
- other adjustments		
Loss brought forward at the beginning of period, after adjustments	(24,89,918.77)	(14,61,081.54)
increase (due to)	–	–
- loss coverage	–	–
decrease (due to)	24,89,918.77	(10,28,837.23)
- distribution of profit brought forward	–	–
Loss brought forward at the end of period	–	(24,89,918.77)
Profit (loss) brought forward at the end of period	5,84,683.28	(24,89,918.77)
Net profit (loss) for the year	21,73,201.69	30,74,602.05
Net profit for the year	21,73,201.69	30,74,602.05
Net loss for the year	–	–
Write-offs from net profit for the year	–	–
Equity at the end of period	45,57,884.97	23,84,683.28

Equity at the end of period, after proposed distribution of profits (coverage of losses)

Cashflow statement

for the period from 1 January 2015 to 31 December 2015

Amount in PLN

	Current year	Previous year
Operating cash flows		
Net profit (loss) for the year	21,73,201.69	30,74,602.05
Total adjustments:	(2,03,229.16)	(38,82,433.12)
Depreciation	1,91,081.37	94,769.88
Foreign exchange gains (losses)		
Interest and shares in profits (dividends)	–	–
Investment profit (loss)	(3,047.34)	(5,602.54)
Change in provisions' balance	–	–
Change in stocks' balance	–	–
Change in liabilities' balance	(25,11,061.58)	(7,12,342.29)
Change in short-term liabilities' balance, with the exception of loans	(6,73,318.17)	(41,06,728.77)
Change in prepayments and accruals' balance	27,93,116.56	8,47,470.60
Other adjustments	–	–
Net operating cash flows	19,69,972.53	(8,07,831.07)
Investment cash flows		
Cash inflows	69,417.23	67,469.01
Disposals of intangible and tangible fixed assets	69,417.23	67,469.01
Disposals of immovable property and intangible assets investments		
From financial assets, including:	–	–
assets in related entities	–	–
assets in other entities	–	–
- financial assets disposals		
- dividends and shares in profits		
- repayment of long-term loans granted		
- interest		
- other inflows from financial assets		
Other investments inflows		
Cash outflows	(2,70,082.55)	(4,05,180.88)
Purchases of intangible and tangible fixed assets	(2,70,082.55)	(4,05,180.88)
Purchases of immovable property and intangible assets investments		
For financial assets, including:	–	–
assets in related entities		
assets in other entities	–	–
- purchases of financial assets		
- long-term loans granted		
Other investment outflows		
Net investment cash flows	(2,00,665.32)	(3,37,711.87)
Financial cash flows		
Cash inflows	–	–
Net inflows from issuing shares and other instruments and additional capital contributions	–	–
Loans	–	–
Issue of debt securities	–	–
Other financial inflows	–	–
Cash outflows	–	–

	Current year	Previous year
Acquisition of entity's own shares	–	–
Dividends and other payments to shareholders/owners	–	–

	Current year	Previous year
Distribution of profit other than payments of dividends to shareholders/owners	–	–
Loans repaid	–	–
Debt securities redeemed	–	–
Other financial liabilities	–	–
Payments of finance lease liabilities	–	–
Interest	–	–
Other financial outlays	–	–
Net financial cash flows	–	–
Total net cash flows	17,69,307.21	(11,45,542.94)
Balance sheet change in cash balance, including:	17,69,307.21	(11,45,542.94)
- change in cash balance due to foreign exchange differences		
Cash as at the beginning of period	1,66,016.86	13,11,559.80
Cash as at the end of period, including:	19,35,324.07	1,66,016.86
- cash with limited disposability	–	–

Notes to the financial statements

for the period from 1 January 2015 to 31 December 2015

1 Tangible fixed assets

Amount in PLN

		Current year	Previous year
(a)	Analysis of tangible fixed assets		
	Fixed tangible assets including:	3,77,331.50	3,64,700.21
	freehold land (including perpetual usufruct of land)	–	–
	buildings and structures	–	–
	plant and machinery	3,64,529.62	3,62,899.70
	vehicles	–	–
	other tangible fixed assets	12,801.88	1,800.51
	Fixed assets under construction	–	–
	Prepayments for fixed assets under construction	–	–
	Total tangible fixed assets	3,77,331.50	3,64,700.21

(b)	Tangible fixed assets by title	Current year	Previous year
	The Company's own tangible fixed assets	3,77,331.50	3,64,700.21
	Tangible fixed assets used under rent finance lease or similar agreements and included in the Company's assets	–	–
	Total balance sheet tangible fixed assets	3,77,331.50	3,64,700.21
	Other tangible fixed assets used under rent, operating lease or similar agreements excluded from balance sheet	3,95,778.00	3,95,778.00

(c)	Tangible fixed assets - movements during the year	Plant and Machinery	Other tangible fixed assets	Total
	Cost at the beginning of period	7,75,912.92	11,371.38	7,87,284.30
	Additions- purchase	2,52,441.74	17,640.81	2,70,082.55
	Disposals- sale	(73,196.08)		(73,196.08)
	Cost at the end of period	9,55,158.58	29,012.19	9,84,170.77
	Accumulated depreciation at the beginning of period	4,13,013.22	9,570.87	4,22,584.09
	Addition- depreciation for the period	1,84,441,93	6,639.44	1,91,081.37
	Disposal -sale	(6,826.19)		(6,826.19)
	Accumulated depreciation at the end of period	5,90,628.96	16,210.31	6,06,839.27
	Net book value at the beginning of the period	3,62,899.70	1,800.51	3,64,700.21
	Net book value at the end of period	3,64,529.62	12,801.88	3,77,331.50

As at the balance sheet date the Company had no liabilities to State budget or budgets of territorial self government units by virtue of acquired ownership rights to buildings and structures.

During the year there were no fixed assets write downs.

The Company has not incurred manufacturing costs of fixed assets under construction and fixed assets for entity's own during the year.

2 Long-term receivables

Amount in PLN

	Current year	Previous year
Gross receivables as at the balance sheet date	–	70,537.69
Write downs balance at the beginning of period	–	–
Increase	–	–
Utilisation	–	–
Release	–	–
Write downs balance at the end of period	–	–
Net long-term receivables	–	70,537.69

3 Receivables and claims

Amount in PLN

	Current year	Previous year
Gross receivables as at the balance sheet date	88,10,599.06	62,28,999.79
Write downs balance at the beginning of period	–	–
Increase	–	–
Utilisation	–	–
Release	–	–
Write downs balance at the end of period	–	–
Net receivables and claims	88,10,599.06	62,28,999.79

4 Short term prepayments

Amount in PLN

	Current year	Previous year
Prepaid insurance	237.82	713.56
Prepaid subscriptions	–	4,116.67
Non -invoiced sales	5,36,573.18	3,32,147.01
Other	–	–
Total short-term prepayments	5,36,811.00	3,36,977.24

5 Equity

Amount in PLN

	Current year		Previous year	
Shareholders	Number of shares	Nominal value	Number of shares	Nominal value
Lodestone Holding AG	10,000	10,00,000	10,000	10,00,000
Total	10,000	10,00,000	10,000	10,00,000

6 Net profit (loss) for the year

The Management Board proposes to transfer current year profit to reserve capital.

7 Short terms payables according to over the period

Amount in PLN

No	Age	Value
1	Current	14,81,825.35
a	Related entities	5,01,758.65
b	Other entities	9,80,066.70
2	Overdue	1,88,809.86
a	Related entities	–
	Until 90 days	–
	90-180	–
	180-360	–
	Over 360	–
b	Other entities	1,88,809.86
	Until 90 days	1,88,809.86
	90-180	–
	180-360	–
	Over 360	–
Total		16,70,635.21

8 Accruals and deferred income

Amount in PLN

		Current year	Previous year
(a)	Short-term accruals		
	Services provided not invoiced	1,73,101.90	1,12,349.81
	Unused holidays accrual	10,70,421.00	7,53,084.00

		Current year	Previous year
	Annual bonus provided	9,52,770.67	6,98,054.11
	Accrial for salaries		17,11,675.86
	Other	7,92,372.93	8,646.46
	Provision for expense	30,76,066.80	
	Total short-term accruals	60,64,733.30	32,83,810.24

9 Sales revenue

Amount in PLN

		Current year	Previous year
(a)	Analysis of sales revenue		
	Sales of finished products	–	–
	Sales of services	4,75,40,127.54	3,95,76,710.70
	Sales of goods for resale	–	21,996.30
	Total sales revenue	4,75,40,127.54	3,95,98,707.00
(b)	Sales analysis by geographical area		
	Domestic sales	26,88,550.55	20,33,987.52
	Export sales	4,48,51,576.99	3,75,64,719.48
	Total sales	4,75,40,127.54	3,95,98,707.00

10 Corporate Income Tax

Amount in PLN

		Current year	Previous year
	Current Taxation	6,61,316.00	7,26,709.00
	Deferred Taxation	2,12,027.26	(55,491.00)
	Total	8,73,343.26	6,71,218.00

(a)	Current Taxation	Current year	Previous year
	Profit / (loss) before tax	30,50,377.95	37,45,819.56
	Income which is exempt from tax under taxation legislation:	–	–
	unrealised fx gains	–	–
	Costs and losses which are excluded from income-earning costs by taxation legislation, including:	36,95,848.81	26,17,512.80
	unrealised fx losses	1,16,161.54	67,036.50
	interest on overdue tax	–	1,936.29
	annual bonus accrued	9,52,770.67	6,98,054.11
	unused holidays accrual	3,17,337.00	1,28,870.44
	other cost accrual		75,422.36
	contribution for handicaped people	1,24,761.00	91,806.00
	salaries not paid	–	13,56,560.42
	social fund contributions not paid	1,45,777.30	1,11,649.42
	amortization	(19,964.90)	(27,605.92)
	other	20,59,006.20	1,13,783.18
	Costs incurred in prior year, related to current tax year:	22,63,949.91	15,36,881.85
	paid social fund contribution	14,68,209.84	1,03,490.76
	paid bonuses	6,98,054.11	9,54,648.09
	reversal of other accrual	97,685.96	4,78,743.00
	reversal unused holidays accrual	–	–
	Profit / (loss) after adjustment for permanent differences	44,82,276.85	48,26,450.51
	Taxable income	44,82,276.85	48,26,450.51
	Prior period losses	(10,01,666.51)	(10,01,666.51)
	Tax base	34,80,610.34	38,24,784.00
	Corporate Income Tax	6,61,316.00	7,26,709.00

(b)	Deferred Taxation	Current year	Previous year
	unused holidays accrual	2,03,379.99	1,43,086.00
	annual bonus accrual	1,81,026.43	1,32,630.00
	unrealised fx differences		203.00
	social fund contributions not paid	27,697.69	2,78,959.00
	assets	2,092.63	2,313.00
	other costs	1,35,614.00	14,330.00
	tax losses carried forward	–	1,90,317.00
	Total deferred tax assets	5,49,810.73	7,61,838.00

The Company did not make any write downs for deferred tax assets.

11 Analysis of cash balance for the purpose of cashflow statement

Amount in PLN

	Current year	Previous year
Cash in bank	19,35,324.07	1,66,016.86
Deposit	–	–
Total	19,35,324.07	1,66,016.86

12 Average number of employees

Amount in PLN

	Current year	Previous year
Office employees	9	4
Other	103	86
Total	112	90

13 Rates used for year end revaluation

Amount in PLN

	Current year	Previous year
EUR	4.2615	4.2623
CHF	3.9394	3.5447
GBP	5.7862	5.4648

14 Transactions with members of the Management Board

There were no transactions with members of the Management Board.

15 Transactions with related parties

The Company is part of Lodestone Holding Group. The group consolidated financial statements are prepared by Lodestone Holding AG, Switzerland.

Intercompany transactions were as follows:

Amount in PLN

	Current year	Previous year
Lodestone Management Consultants AG, Szwajcaria		
Debtors	24,49,885.82	9,64,879.73
Creditors	3,09,104.15	67,890.31
Incomes	2,24,57,193.58	1,77,90,923.70
Costs	8,13,192.27	9,50,370.58
Lodestone Management Consultants Ltd., Wielka Brytania		
Debtors	6,26,953.72	12,21,067.83
Creditors	1,91,004.00	10,929.60
Incomes	25,96,201.14	48,56,865.93
Costs	4,723.60	50,020.85
Lodestone Management Consultants Inc.,Stany Zjednoczone		
Debtors	7,09,356.76	52,831.55
Incomes	31,01,140.72	2,36,856.64
Lodestone Management Consultants, Belgia		
Debtors	4,385.21	2,241.11
Incomes	26,331.88	26,643.59
Lodestone Management Consultants, Czechy		
Debtors	2,043.15	–
Incomes	20,112.95	10,086.07
Lodestone Management Consultants, Rumunia		
Debtors	2,942.13	–
Incomes	31,806.50	28,763.48
Other Incomes		21,996.30
Lodestone Management Consultants, Francja		
Debtors	10,43,171.39	4,01,183.13
Incomes	6,63,872.20	13,56,201.93
Lodestone Management Consultants GmbH, Niemcy		
Debtors	26,95,660.46	16,42,704.16
Incomes	1,55,76,143.98	1,35,05,159.42
Costs	95,090.74	
Lodestone Management Consultants, Australia		
Debtors	14,315.59	5,409.58
Income	72,540.56	59,998.08
Costs		
Lodestone Management Consultants, Austria		
Debtors	816.25	1,080.53
Incomes	3,846.87	6,359.84

	Current year	Previous year
Lodestone Management Consultants, Holandia		
Debtors	77,932.87	21,686.32
Incomes	2,23,468.23	1,15,069.22
Lodestone Management Consultants, Portugalia		
Debtors	25,919.00	7,421.07
Incomes	18,497.93	23,072.64
Lodestone Management Consultants, Singapore		
Debtors	6,047.71	3,941.27
Incomes	60,263.34	47,218.48
Lodestone Management Consultants, Chiny		
Debtors		1,46,109.62
Incomes		–
Lodestone Augmentis AG, Szwajcaria		
Debtors		(82.46)
Incomes	157.11	1,817.09
Lodestone Management Consultants (Canada) Inc., Kanada		
Debtors	1,46,109.62	–
Incomes		–

16 Auditors' fees paid or accrued for the year:

Amount in PLN

	Current year	Previous year
Obligatory audit of financial statement	35,000.00	36,000.00

17 Post balance sheet events

On 14.01.2016 Company changed its name from Lodestone Management Consultants Sp. o.o. at Infosys Consulting Sp. z o.o.

18 Significant prior years' events reflected in the financial statements

Until the date of the financial statements for the fiscal year, that is, 29 January 2016 r. no events concerning previous years that have not been, and should be included in the books of account.

19 Other information

All other disclosure requirements contained in Schedule 1 of the Accounting Act of 29 September 1994 are not applicable.

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Lodestone Management Consultants Portugal, Unipessoal, Lda.

Independent Auditor's Report

To the Members of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Portugal, Unipessoal, Lda. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bangalore
Date: January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	4,86,00,885	4,86,00,885
Reserves and surplus	2.2	(7,26,41,162)	(5,37,77,619)
		(2,40,40,277)	(51,76,734)
CURRENT LIABILITIES			
Short-term borrowings	2.3	2,16,45,446	–
Trade payables	2.4	33,08,711	1,33,06,726
Other current liabilities	2.5	1,09,18,811	1,80,41,858
Short-term provisions	2.6	3,43,04,171	2,54,56,691
		7,01,77,139	5,68,05,275
		4,61,36,862	5,16,28,541
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	–	–
Long-term loans and advances	2.8	48,43,327	2,18,20,378
		48,43,327	2,18,20,378
CURRENT ASSETS			
Trade receivables	2.9	3,14,59,712	2,70,62,818
Cash and cash equivalents	2.10	51,58,710	11,65,703
Short-term loans and advances	2.11	46,75,113	15,79,642
		4,12,93,535	2,98,08,163
		4,61,36,862	5,16,28,541
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Ralph Bäumle
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹,

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		20,42,34,299	265,750,484
Other income	2.12	(13,78,479)	142,329
Total revenue		20,28,55,820	265,892,813
Expenses			
Employee benefit expenses	2.13	14,18,48,195	146,307,526
Cost of technical sub-contractors	2.13	–	15,537,122
Travelling and conveyance		6,73,95,947	79,859,805
Telephone expenses		28,68,520	2,696,406
Consultancy and professional charges		44,27,958	1,811,834
Depreciation and amortization expenses		–	40,079
Interest expenses		12,564	–
Other expenses	2.13	4,70,314	2,148,348
Total expenses		21,70,23,498	248,401,120
PROFIT BEFORE TAX		(1,41,67,678)	17,491,693
Tax expense			
Current tax	2.14	39,12,485	12,401,378
Deferred tax	2.14	–	18,399,444
PROFIT / (LOSS) FOR THE PERIOD		(1,80,80,163)	(13,309,129)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Ralph Bäumle
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(1,41,67,678)	1,74,91,693
Adjustments to reconcile profit before tax to cash provided by operating activities			
Provision for post sales client support		–	6,189
Depreciation and amortization expense		–	40,079
Effect of exchange differences on translation of assets and liabilities		(7,83,380)	6,30,959
Interest on loan from parent company		12,564	–
Changes in assets and liabilities			
Trade receivables		(43,96,894)	(62,40,855)
Loans and advances and other assets		1,43,09,807	(1,89,35,808)
Liabilities and provisions		(1,15,78,686)	87,10,736
		(1,66,04,267)	17,02,993
Income taxes paid		(10,35,608)	(23,16,403)
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,76,39,875)	(6,13,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on loan from parent company		(12,564)	–
Loan from parent		2,16,45,446	–
NET CASH USED IN FINANCING ACTIVITIES		2,16,32,882	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		39,93,007	(6,13,410)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		11,65,703	17,79,113
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		51,58,710	11,65,703
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Ralph Bäumle
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants Portugal, Unipessoal, Lda ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change periodically. Actual results could differ from those estimates. Appropriate changes in estimates are made based on changes in circumstances surrounding the estimates and are reflected with material effects, if any, in the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that the economic benefits may flow to the Company. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year-end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably that may require an outflow of economic benefits to settle the obligation. A disclosure for a contingent liability is made when no possible or present obligation that may require an outflow of resources.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in the Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Computer equipment [(1)]	3-5 years

[(1)] *For computer equipment, based on technical evaluation, the Management believes that the useful life as given above best represent the period over which the Management expects to use this asset. Hence, the useful life for this asset is different from the useful life as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.7)*

1.11 Impairment

The Management periodically assesses, using external and internal sources, that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a yearly basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash-on-deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of up to three months and that are readily convertible to known amounts of cash to be cash equivalents.

1.16 Cash flow statement

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

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2015	As at December 31, 2014
Authorized capital		
EUR 700,000	4,86,00,885	4,86,00,885
Issued, subscribed and paid-up		
EUR 700,000	4,86,00,885	4,86,00,885
	4,86,00,885	4,86,00,885

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Foreign currency translation reserve – opening balance	22,75,483	16,46,596
Add: Foreign currency translation during the year	(7,83,380)	6,28,887
Foreign currency translation reserve – closing balance	14,92,103	22,75,483
Surplus – opening balance	(5,60,53,102)	(4,27,43,973)
Add: Net profit after tax transferred from Statement of Profit and Loss	(1,80,80,163)	(1,33,09,129)
Surplus – closing balance	(7,41,33,265)	(5,60,53,102)
	(7,26,41,162)	(5,37,77,619)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loan [(1)]	2,16,45,446	–
	2,16,45,446	–
[(1)] *Includes dues to holding company (Refer to Note 2.16)*	2,16,45,446	–

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [(1)]	33,08,711	1,33,06,726
	33,08,711	1,33,06,726
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	30,51,996	1,32,03,100

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	26,99,348	39,00,533
Other liabilities		
Salary advance	–	39,53,808
Withholding and other taxes payable	47,83,277	78,89,817
Provision for expenses	34,36,186	–
Other payables [(1)]	–	22,97,700
	1,09,18,811	1,80,41,858
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	–	22,97,700

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	1,96,13,174	1,40,70,798
Other provisions		
Income taxes (net of advance tax and tax deducted at source)	1,46,90,997	1,13,85,893
	3,43,04,171	2,54,56,691

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹ crore, except as otherwise stated

Particulars	Tangible assets	Total
	Computer equipment	
Original cost		
As at January 1, 2015	8,90,884	8,90,884
Additions	–	–
Deductions / retirement during the period / adjustments during the period	(52,111)	(52,111)
As at December 31, 2015	8,38,773	8,38,773
Depreciation and amortization		
As at January 1, 2015	8,90,884	8,90,884
For the period	–	–
Deductions / adjustments during the period	(52,111)	(52,111)
As at December 31, 2015	8,38,773	8,38,773
Net book value		
As at December 31, 2015	–	–

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹ crore, except as otherwise stated

Particulars	Tangible assets	Total
	Computer equipment	
Original cost		
As at January 1, 2014	9,89,871	9,89,871
Additions	–	–
Deductions / retirement during the period / adjustments during the period	(98,987)	(98,987)
As at December 31, 2014	8,90,884	8,90,884
Depreciation and amortization		
As at January 1, 2014	9,47,720	9,47,720
For the period	40,079	40,079
Deductions / adjustments during the period	(96,915)	(96,915)
As at December 31, 2014	8,90,884	8,90,884
Net book value		
As at December 31, 2014	–	–

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of computers with effect from April 1, 2014. Accordingly, the useful lives of computers required a change from the previous estimates.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Advances to employees – Non-current	27,60,682	2,01,65,960
Advance income taxes (net of provisions)	20,82,645	16,54,418
	48,43,327	2,18,20,378

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Considered good [(1)]	3,14,59,712	2,70,62,818
	3,14,59,712	2,70,62,818
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	3,14,59,712	2,70,62,818

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	51,58,710	11,65,703
	51,58,710	11,65,703

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Santander Totta	–	11,65,703
Citibank	51,58,710	–
Total cash and cash equivalents as per Balance Sheet	51,58,710	11,65,703

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Withholding and other taxes receivable	2,88,003	4,23,033
Others	–	11,56,609
	2,88,003	15,79,642
Loans and advances to employees		
Salary advances	43,87,110	–
	46,75,113	15,79,642

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Miscellaneous income, net	2,02,007	72,803
Gains / (losses) on foreign currency, net	(15,80,486)	69,526
	(13,78,479)	1,42,329

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	14,16,75,749	14,61,40,431
Staff welfare	1,72,446	1,67,095
	14,18,48,195	14,63,07,526
Cost of technical sub-contractors		
Technical sub-contractors – related parties	–	1,55,37,122
	–	1,55,37,122
Other expenses		
Rates and taxes	1,714	(10,118)
Rent	–	64,844
Bank charges and commission	31,790	2,56,773
Provision for post sales client support	–	6,189
Others	4,36,810	18,30,660
	4,70,314	21,48,348

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax	39,12,485	1,24,01,378
Deferred taxes	–	1,83,99,444
	39,12,485	3,08,00,822

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG *(Infosys Lodestone) (formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited[1]	India

[1] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o *(formerly Infosys BPO s.r.o)* [1]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
S.C. Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,91,16,326	1,23,41,128
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	64,67,654	1,30,79,771
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	14,44,407	16,41,919
Lodestone Management Consultants Inc.	44,31,325	–
	3,14,59,712	2,70,62,818
Trade payables		
Lodestone Management Consultants Sp. z.o.o.	4,46,391	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	1,30,67,958
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	26,05,605	–
	30,51,996	1,32,03,100
Other payables		
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	22,97,700
	–	22,97,700
Unsecured loan		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	2,16,45,446	–
	2,16,45,446	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Capital transactions		
Unsecured loan taken		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	2,16,45,446	–
	2,16,45,446	–
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Sp. z.o.o.	3,13,994	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	26,30,176	–
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	65,86,507
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	10,585	–
	29,54,755	1,55,37,122
Sale of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	13,35,19,086	17,93,30,931
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	3,98,74,282	5,29,63,234
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	77,82,547	2,02,34,177
Lodestone Management Consultants Inc.	2,30,58,383	–
	20,42,34,298	25,25,28,342
Interest expense		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	12,564	–
	12,564	–

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Infosys Consulting S.R.L.

(formerly S.C. Lodestone Management Consultants S.R.L.)

Independent Auditor's Report

To the Members of S.C. Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of S.C. Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	93,64,193	93,64,193
Reserves and surplus	2.2	4,49,54,260	3,77,09,536
		5,43,18,453	4,70,73,729
CURRENT LIABILITIES			
Trade payables	2.3	44,05,742	8,55,682
Other current liabilities	2.4	48,04,218	51,72,214
Short-term provisions	2.5	1,27,80,308	74,00,759
		2,19,90,268	1,34,28,655
		7,63,08,721	6,05,02,384
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	7,94,608	12,01,039
		7,94,608	12,01,039
Long-term loans and advances	2.7	–	10,44,396
		7,94,608	22,45,435
CURRENT ASSETS			
Trade receivables	2.9	3,20,02,828	5,10,50,388
Cash and cash equivalents	2.10	4,23,30,637	40,68,437
Short-term loans and advances	2.11	11,80,648	31,38,124
		7,55,14,113	5,82,56,949
		7,63,08,721	6,05,02,384
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of S.C. Infosys Consulting S.R.L.
(formerly S.C. Lodestone Management Consultants S.R.L.)

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		20,47,38,039	22,96,76,767
Other income	2.12	5,07,866	80,03,403
Total revenue		20,52,45,905	23,76,80,170
Expenses			
Employee benefit expenses	2.13	12,08,38,635	12,94,41,528
Cost of technical sub-contractors	2.13	43,17,570	82,41,901
Travelling and conveyance		4,91,57,787	4,63,53,421
Communication charges		27,47,550	11,91,273
Consultancy and professional charges	2.13	84,42,137	23,39,205
Finance cost		–	67,163
Depreciation and amortization expenses	2.6	12,59,860	11,39,997
Other expenses	2.13	27,20,919	47,29,213
Total expenses		18,94,84,458	19,35,03,701
PROFIT BEFORE TAX		1,57,61,447	4,41,76,469
Tax expense			
Current tax	2.14	58,38,766	62,16,448
Deferred tax	2.14	–	–
PROFIT FOR THE YEAR		99,22,681	3,79,60,021
EARNINGS PER EQUITY SHARE			
Shares of 100 RON par value each			
Basic and diluted		708.76	2,711.43
Number of shares used in computing earnings per share			
Basic and diluted		14,000	14,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of S.C. Infosys Consulting S.R.L.
(formerly S.C. Lodestone Management Consultants S.R.L.)

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Cash Flow Statement

in ₹

Particulars	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,57,61,447	4,41,76,469
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation and amortization expense	12,59,860	11,39,997
Finance cost	–	67,163
Other non-cash item	2,03,671	6,508
Effect of exchange differences on translation of assets and liabilities	(26,14,352)	(38,85,665)
Changes in assets and liabilities		
Trade receivables	1,90,47,560	(2,45,11,346)
Loans and advances and other assets	19,57,476	42,33,697
Liabilities and provisions	55,49,212	(80,02,824)
	4,11,64,874	1,32,23,999
Income taxes paid	19,85,640	(72,60,844)
NET CASH GENERATED BY OPERATING ACTIVITIES	3,91,79,234	59,63,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure (including intangible assets)	(9,17,034)	(10,18,232)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(9,17,034)	(10,18,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repaid to parent company	–	(54,60,034)
Finance cost	–	(67,163)
NET CASH USED IN FINANCING ACTIVITIES	–	(55,27,197)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,82,62,200	(5,82,274)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	40,68,437	46,50,711
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,23,30,637	40,68,437

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of S.C. Infosys Consulting S.R.L.
(formerly S.C. Lodestone Management Consultants S.R.L.)

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Significant accounting policies and notes on accounts

Company overview

SC Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work in progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Plant and machinery	5 years
Office equipment	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years

1.12 Provision for impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using Projected Unit Credit Method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

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

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.19 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Authorized		
14,000 (14,000) equity shares of RON 100 par value, fully paid	93,64,193	93,64,193
Issued, subscribed and paid-up		
14,000 (14,000) equity shares of RON 100 par value, fully paid	93,64,193	93,64,193
	93,64,193	93,64,193

The details of shareholders holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

in ₹,

Particulars	As at December 31,			
	2015		2014	
	No: of shares	% held	No: of shares	% held
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)* holding company	14,000	100%	14,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

in ₹,

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning of the period	14,000	93,64,193	14,000	93,64,193
Shares at the end of the period	14,000	93,64,193	14,000	93,64,193

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Securities premium account	1,24,85,591	1,24,85,591
Foreign currency translation reserve – opening balance	32,48,878	72,81,471
Add: Foreign currency translation during the year	(26,77,957)	(40,32,593)
Foreign currency translation reserve – closing balance	5,70,921	32,48,878
Other reserves – opening balance	5,44,507	4,00,479
Add: Additions during the year	14,60,684	1,44,028
Other reserves – closing balance	20,05,191	5,44,507
Surplus – opening balance	2,14,30,560	(1,63,85,433)
Add: Net profit after tax transferred from Statement of Profit and Loss	99,22,681	3,79,60,021
Amount transferred to legal reserve	(14,60,684)	(1,44,028)
Surplus – closing balance	2,98,92,557	2,14,30,560
	4,49,54,260	3,77,09,536

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade Payables[(1)]	44,05,742	8,55,682
	44,05,742	8,55,682
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	43,32,970	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	44,35,897	34,36,919
Provision for expenses	–	11,35,649
Withholding and other taxes payable	–	4,07,334
Other payables [(1)]	3,68,321	1,92,312
	48,04,218	51,72,214
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	2,41,431	–

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated Benefits	97,69,478	74,00,759
Income taxes (net of advance tax and TDS)	28,08,730	–
Post-sales client support and warranties and other provisions	2,02,100	–
	1,27,80,308	74,00,759

The movement in provision for post-sales client support and warranties is as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	–	–
Provision recognized (reversal)	2,03,671	6,508
Provision utilized	–	–
Exchange difference during the period	(1,571)	(6,508)
Balance at the end	2,02,100	–

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹

Particulars				Intangible assets		Total
	Computer equipment	Furniture and Fixtures	Total	Intellectual property rights	Total	
Original cost						
As at January 1, 2015	36,29,994	1,43,031	37,73,025	17,578	17,578	37,90,603
Additions / adjustments during the period	9,17,034	–	9,17,034	–	–	9,17,034
Deductions / retirement during the period	(8,14,226)	(9,818)	(8,24,044)	(1,206)	(1,206)	(8,25,250)
As at December 31, 2015	37,32,802	1,33,213	38,66,015	16,372	16,372	38,82,387
Depreciation and amortization						
As at January 1, 2015	24,70,024	1,01,962	25,71,986	17,578	17,578	25,89,564
For the period	12,47,085	12,775	12,59,860	–	–	12,59,860
Deductions / adjustments during the period	(7,53,415)	(7,024)	(7,60,439)	(1,206)	(1,206)	(7,61,645)
As at December 31, 2015	29,63,694	1,07,713	30,71,407	16,372	16,372	30,87,779
Net book value						
As at December 31, 2015	7,69,108	25,500	7,94,608	–	–	7,94,608

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹

Particulars			Total	Intangible assets		Total
	Computer equipment	Furniture and Fixtures	Total	Intellectual property rights	Total	
Original cost						
As at January 1, 2014	31,34,639	–	31,34,639	19,542	19,542	31,54,181
Additions / adjustments during the period	8,70,791	1,47,441	10,18,232	–	–	10,18,232
Deductions / retirement during the period	(3,75,436)	(4,410)	(3,79,846)	(1,964)	(1,964)	(3,81,810)
As at December 31, 2014	36,29,994	1,43,031	37,73,025	17,578	17,578	37,90,603
Depreciation and amortization						
As at January 1, 2014	16,64,907	–	16,64,907	19,542	19,542	16,84,449
For the period	10,34,179	1,05,818	11,39,997	–	–	11,39,997
Deductions / adjustments during the period	(2,29,062)	(3,856)	(2,32,918)	(1,964)	(1,964)	(2,34,882)
As at December 31, 2014	24,70,024	1,01,962	25,71,986	17,578	17,578	25,89,564
Net book value						
As at December 31, 2014	11,59,970	41,069	12,01,039	–	–	12,01,039

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.7 Long-term loans and advances

in ₹

Particulars	Year ended December 31,	
	2015	2014
Advance income taxes	–	10,44,396
	–	10,44,396

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	15,71,527	18,02,222

in ₹

Lease obligations payable	As at December 31,	
	2,015	2,014
Within one year of the Balance Sheet date	2,82,520	2,98,287
Due in a period between one year and five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of five years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Trade receivables [1]

in ₹

Particulars	As at December 31,	
	2015	2014
Outstanding debts not exceeding six months		
Unsecured		
Considered good	3,20,02,828	5,10,50,388
Considered doubtful (Others)	–	–
	3,20,02,828	5,10,50,388
Less: Provision for doubtful debts (others)	–	–
	3,20,02,828	5,10,50,388
	3,20,02,828	5,10,50,388
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	2,98,99,797	4,60,02,900

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	142	152
Balances with banks		
In current accounts	4,23,30,495	40,68,285
	4,23,30,637	40,68,437

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Raiffeisen Bank S.A. (RON)	4,23,30,495	40,68,285
In current accounts	4,23,30,495	40,68,285

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	6,65,026	9,94,615
Withholding and other taxes receivable	1,52,047	10,57,892
Others [1]	144	–
	8,17,217	20,52,507
Salary advances	2,90,177	9,62,842
Rental deposits	73,254	1,22,775
	11,80,648	31,38,124
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	144	–

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Miscellaneous income, net	191	82,82,189
Gains / (losses) on foreign currency, net	5,07,675	(2,78,786)
	5,07,866	80,03,403

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	12,07,76,060	12,94,18,081
Staff welfare	62,575	23,447
	12,08,38,635	12,94,41,528
Cost of technical sub-contractors		
Technical sub-contractors - Related Parties	–	65,08,416
Technical sub-contractors - others	43,17,570	17,33,485
	43,17,570	82,41,901
Consultancy Charges		
Consultancy and Professional Charges-Related Parties	48,49,735	23,39,205
Consultancy and Professional Charges-others	35,92,402	–
	84,42,137	23,39,205
Other expenses		
Rent	15,71,527	18,02,222
Repairs to plant and machinery	–	7,225
Provision for post-sales client support and warranties	2,03,671	6,508
Bank charges and commission	5,86,010	5,26,944
Donations	8,515	3,882
Miscellaneous expenses	2,37,617	23,82,432
	27,20,919	47,29,213

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	58,38,766	62,16,448
Deferred taxes	–	–
	58,38,766	62,16,448

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited [1]	India

[1] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o *(formerly Infosys BPO s.r.o)* [1]	Czech Republic
Infosys BPO (Poland) Sp z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	UK
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
Infosys Canada Public Services Ltd. [8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd.[11]	Israel
Panaya Gmbh[11]	Germany
Panaya Pty Ltd.[11]	Australia
Panaya Japan Co. Ltd.[11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*

(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Related party transactions

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,14,51,318	37,38,543
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,73,05,059	3,99,72,241
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	53,969	20,32,891
Lodestone Management Consultants Ltda.	8,48,020	–
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,41,431	2,59,225
Total	2,98,99,797	4,60,02,900
Other receivables		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	144	–
Total	144	–
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	42,83,558	–
Lodestone Management Consultants Sp. z.o.o.	49,412	–
Total	43,32,970	–
Other payables		
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,41,431	–
Total	2,41,431	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions:		
Transfer of fixed asset		
Lodestone Management Consultants Sp. z.o.o.	9,17,034	–
Total	9,17,034	–
Revenue transactions:		
Sale of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	5,72,75,986	7,00,46,407
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	12,32,67,979	9,55,92,131
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	35,12,673	84,81,713
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	21,63,737
Lodestone Management Consultants Ltda.	8,34,419	–
Total	18,48,91,057	17,62,83,988
Purchase of services		
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	65,08,416
Lodestone Management Consultants Sp. z.o.o.	5,42,097	5,56,475
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	43,07,638	–
Total	48,49,735	70,64,891
Interest expense		
Infosys Consulting Holding AG *(Infosys Lodestone) (formerly Lodestone Holding AG)*	–	67,163
Total	–	67,163

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Infosys Consulting Pte. Ltd.

(formerly Lodestone Management Consultants Pte Ltd)

Registration Number: 200009030D

Annual Report

Year ended 31 December 2015

Independent auditors' report

Member of the Company
Infosys Consulting Pte. Ltd.

Report on the financial statements
We have audited the accompanying financial statements of Infosys Consulting Pte. Ltd. (formerly known as Lodestone Management Consultants Pte. Ltd.) (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income and statement of changes in equity and statement of cash flows for the for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS18.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2016

Statement of financial position

Particulars	Note	As at 31 December	
		2015	2014
		$	$
Non-current asset			
Plant and equipment	4	90,273	99,657
Current assets			
Trade and other receivables	5	4,448,266	1,389,599
Cash and cash equivalents	6	280,668	311,236
		4,728,934	1,700,835
Total assets		4,819,207	1,800,492
Equity			
Share capital	7	100,000	100,000
Accumulated losses		(8,452,335)	(7,324,061)
Total equity		(8,352,335)	(7,224,061)
Current liabilities			
Trade and other payables	8	13,171,542	9,024,553
Total liabilities		13,171,542	9,024,553
Total equity and liabilities		4,819,207	1,800,492

Statement of comprehensive income

Particulars	Note	As at 31 December	
		2015	2014
		$	$
Revenue		28,038,628	10,900,984
Cost of services		(26,198,837)	(10,153,881)
Gross profit		1,839,791	747,103
Other income		12,900	25,640
Depreciation expense	4	(45,784)	(20,210)
Staff costs		(1,816,678)	(1,364,808)
Other operating expenses		(871,939)	(113,137)
Results from operating activities		(881,710)	(725,412)
Interest expense		(160,746)	(110,246)
Loss before tax	9	(1,042,456)	(835,658)
Tax expense	10	(85,818)	–
Loss for the year		(1,128,274)	(835,658)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		(1,128,274)	(835,658)

Statement of changes in equity

Particulars	Share capital	Accumulated losses	Total
	$	$	$
At 1 January 2014	100,000	(6,488,403)	(6,388,403)
Total comprehensive income for the year			
Loss for the year	–	(835,658)	(835,658)
Total comprehensive income for the year	–	(835,658)	(835,658)
At 31 December 2014	100,000	(7,324,061)	(7,224,061)
At 1 January 2015	100,000	(7,324,061)	(7,224,061)
Total comprehensive income for the year			
Loss for the year	–	(1,128,274)	(1,128,274)
Total comprehensive income for the year	–	(1,128,274)	(1,128,274)
At 31 December 2015	100,000	(8,452,335)	(8,352,335)

Statement of cash flows

Particulars	Note	As at 31 December	
		2015	2014
		$	$
Cash flows from operating activities			
Loss before tax		(1,042,456)	(835,658)
Adjustments for:			
Interest expense		160,746	110,246
Depreciation of plant and equipment	4	45,784	20,210
		(835,926)	(705,202)
Changes in working capital:			
Trade and other receivables		(3,058,667)	160,447
Trade and other payables		1,857,619	630,066
Cash generated from operations		(2,036,974)	85,311
Tax paid		(85,818)	–
Net cash (used in)/from operating activities		(2,122,792)	85,311
Cash flows from investing activity			
Purchase of plant and equipment	4	(36,400)	(108,258)
Net cash used in investing activity		(36,400)	(108,258)
Cash flows from financing activity			
Loan from immediate holding company		2,128,624	41,266
Net cash generated from financing activity		2,128,624	41,266
Net (decrease)/increase in cash and cash equivalents		(30,568)	18,319
Cash and cash equivalents at beginning of year		311,236	292,917
Cash and cash equivalents at end of year	6	280,668	311,236

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 April 2016.

1 Domicile and activities

Infosys Consulting Pte. Ltd. (formerly known as Lodestone Management Consultants Pte Ltd) (the Company) is incorporated in the Republic of Singapore and has its registered office at Level 43, Unit 2, Suntec Tower 2, 9 Temasek Boulevard, Singapore 038989.

The principal activities of the Company are to carry on the development of e-commerce applications and IT consulting.

The immediate holding company is Infosys Consulting Holding AG, a company incorporated in Switzerland. The ultimate holding company is Infosys Limited, a company incorporated in India.

2 Basis of preparation

2.1 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the deficiency in net assets, as the holding company has confirmed its intention to provide such financial and other support to the Company to continue operations and meet its liabilities as and when they fall due.

2.2 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no significant areas of estimation uncertainties and critical judgements in applying accounting policies.

2.6 Adoption of new and revised financial reporting standards

The Company has adopted the new and revised FRSs and Interpretations, which became effective for the current financial year. The adoption of the new and revised FRSs and Interpretations to FRSs did not result in substantial changes to the Company's accounting policies and has no material effect on the amount reported for the current financial year.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the translation.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash balances.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation is recognised as an expense in the profit or loss on a straight-line basis over the following estimated useful lives as follows:

Computers	3 years
Furniture, fittings and office equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.4 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.5 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Revenue

Services rendered

Service fees are recognised on an accrual basis when services have been rendered. Contracts are billed based on time & material and are invoiced based on the rendered hours and expenses for the individual project.

3.7 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that that affects neither accounting nor taxable profit or loss to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.8 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Company.

These new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for adoption by the Company on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreement Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.
- FRS 109 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.
- As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Company. The Company is currently assessing the potential impact on its financial statements and to implement the standards. The Company has not adopted these non-mandatory standards in the current year.

4. Plant and equipment

Particulars	Computers	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
At 1 January 2014	178,520	6,946	185,466
Additions	108,258	–	108,258
At 31 December 2014	286,778	6,946	293,724
Additions	36,400	–	36,400
Disposals	(128,057)	(1,026)	(129,083)
At 31 December 2015	195,121	5,920	201,041
Accumulated depreciation			
At 1 January 2014	167,394	6,463	173,857
Depreciation charge for the year	19,727	483	20,210
At 31 December 2014	187,121	6,946	194,067
Depreciation charge for the year	45,784	–	45,784
Disposals	(128,057)	(1,026)	(129,083)
At 31 December 2015	104,848	5,920	110,768
Carrying amounts			
At 1 January 2014	11,126	483	11,609
At 31 December 2014	99,657	–	99,657
At 31 December 2015	90,273	–	90,273

5. Trade and other receivables

Particulars	2015	2014
	$	$
Trade receivables – third parties	524,981	175,948
Accrued receivables	298,928	–
Amounts due from ultimate holding corporation (trade)	2,780,751	567,600
Amounts due from related parties (trade)	630,436	351,948
Amounts due from related parties (non-trade)	–	19,840
Deposit	121,307	–
Other receivables	45,141	234,939
Loans and receivables	4,401,544	1,350,275
Prepayments	46,722	39,324
	4,448,266	1,389,599

Non-trade amounts due from related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful receivables arising from the outstanding balances from related parties.

Impairment losses

The ageing of loans and receivables at the reporting date is:

Particulars	Gross	
	2015	2014
	$	$
Not past due	4,401,544	1,212,024
Past due 1 – 30 days	–	24,843
Past due 31 – 60 days	–	26,989
Past due more than 61 days	–	86,419
	4,401,544	1,350,275
Less: impairment loss	–	–
	4,401,544	1,350,275

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due as at 31 December 2015. These receivables are mainly arising from customers that have a good payment record with the Company.

6. Cash and cash equivalents

Particulars	2015	2014
	$	$
Cash at bank and in hand	280,668	311,236

7. Share Capital

Particulars	2015		2014	
	No. of shares	$	No. of shares	$
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	100,000	100,000	100,000	100,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company does not have its own capital management policy. However, the capital management policy and decision rest with the immediate and ultimate holding company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

8. Trade and other payables

Particulars	2015	2014
	$	$
Trade payables – third parties	14,167	44,005
Amounts due to related parties (trade)	1,229,932	821,613
Amounts due to a related party (non-trade)	–	1,495
Loan from immediate holding corporation	9,345,440	7,056,070
Accrued expenses	2,422,432	998,252
Other payables	159,571	103,118
	13,171,542	9,024,553

Outstanding non-trade balances with a related party are unsecured, interest-free and repayable on demand. Loan from immediate holding corporation is unsecured, bears an interest of 2.25% (2014: 2.25%) per annum and repayable on demand.

9. Loss before tax

The following items have been included in arriving at loss before tax:

Particulars	2015	2014
	$	$
Exchange loss/(gain) – net	301,390	(59,275)
Staff costs included in cost of services	25,569,776	9,227,792
Contributions to defined contribution plans included in cost of services	208,977	94,246
Contributions to defined contribution plans included in staff costs	102,661	78,295
	311,638	172,541

10. Tax expense

Particulars	2015	2014
	$	$
Current tax expense		
Current year	–	–
Foreign taxation	85,818	–
	85,818	–

Reconciliation of effective tax rate

Particulars	2015	2014
	$	$
Loss before income tax	(1,042,456)	(835,658)
Tax calculated using Singapore tax rate of 17%	(177,218)	(142,062)
Tax exempt revenue	–	(4,359)
Non-deductible expenses	38,408	6,291
Deferred tax not recognised	138,810	140,130
Foreign taxation	85,818	–
	85,818	–

The following temporary differences have not been recognised:

Particulars	2015	2014
	$	$
Unutilised tax losses	7,398,117	6,581,588

The tax losses are available for set-off against future taxable profits, subject to compliance with the provision of Section 37 of the Singapore Income Tax Act, Chapter 134 and agreement of the Comptroller of Income Tax.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

11. Significant related party transactions

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors of the Company are considered as key management personnel of the Company.

The employee compensation is as follows:

Particulars	2015	2014
	$	$
Short-term employee benefits	513,137	430,132

Related party transactions

During the financial year, other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

Particulars	2015	2014
	$	$
Holding company		
Loan interest expense	671,092	110,246
Related parties		
Services rendered	(24,290,827)	(9,854,949)
Cost of services	10,602,757	1,825,866

12. Commitments

At 31 December, the Company did not have any commitments for future minimum lease payments under non-cancellable operating leases.

Particulars	2015	2014
	$	$
Payable:		
Within 1 year	379,335	–
Between 2-5 years	862,125	–
	1,241,460	–

13. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's receivables mainly comprise amount due from related parties and third party trade receivables. Cash and cash equivalents are placed with banks which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational demands excluding the potential impact of extreme circumstances that cannot reasonably be predicted. As and when necessary, the Company relies on its immediate holding company and related parties as a source of liquidity to finance its ongoing working capital requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Less than a year
	$	$	$
2015			
Non-derivative financial liabilities			
Trade and other payables	13,171,542	(13,171,542)	(13,171,542)
2014			
Non-derivative financial liabilities			
Trade and other payables	9,024,553	(9,024,553)	(9,024,553)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Company is not exposed to interest rate risk.

Foreign currency risk

The Company is exposed to foreign currency risk on income and expenses that are denominated in a currency other than its functional currency. The currencies giving rise to this risk are primarily in United States dollar (USD), Euro (EUR), Chinese Yuan Renminbi (RMB), Australian Dollar (AUD) and Thai Baht (THB).

There is no formal hedging policy with respect to foreign currency exposures. Exposure to foreign currency risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

The Company's exposures to foreign currencies are as follows:

	USD	EUR	CHF
	$	$	$
2015			
Trade and other receivables	524,891	–	–
Cash and cash equivalents	100,600	–	–
Trade and other payables	–	(492,621)	(416,561)
	625,491	(492,621)	(416,561)
2014			
Trade and other receivables	41,548	–	–
Cash and cash equivalents	272,007	–	–
Trade and other payables	(5,036)	(717,205)	(94,209)
	308,519	(717,205)	(94,209)

Sensitivity analysis

A 5% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) loss before tax by the amounts shown below. The analysis assumed that all other variables, in particular foreign currency rates, remain constant.

	Loss before tax	
	2015	2014
	$	$
USD	31,275	15,426
EUR	(24,631)	(35,806)
RMB	–	(4,710)
CHF	(20,828)	–

Sensitivity analysis

A 5% weakening of Singapore dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Fair value

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
		$	$	$	$
31 December 2015					
Trade and other receivables	5	4,401,544	–	4,401,544	4,401,544
Cash and cash equivalents	6	280,668	–	280,668	280,668
		4,682,212	–	4,682,212	4,682,212
Other payables	8	–	(13,171,542)	(13,171,542)	(13,171,542)
31 December 2014					
Loan to intermediate holding company	5	1,350,275	–	1,350,275	1,350,275
Cash and cash equivalents	6	311,236	–	311,236	311,236
		1,661,511	–	1,661,511	1,661,511
Other payables	8	–	(9,024,553)	(9,024,553)	(9,024,553)

14 Change of name

During the financial year, the Company changed its name from Lodestone Management Consultants Pte. Ltd. to Infosys Consulting Pte. Ltd..

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Lodestone Management Consultants Inc.

Independent Auditor's Report

To the Members of Lodestone Management Consultants Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	December 31, 2015	December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	62,07,500	62,07,500
Reserves and surplus	2.2	9,87,38,168	4,22,888
		10,49,45,668	66,30,388
CURRENT LIABILITIES			
Short-term borrowings	2.4	11,15,21,436	10,39,23,974
Trade payables	2.5	34,05,40,068	4,22,55,162
Other current liabilities	2.6	26,87,29,705	19,27,49,019
Short-term provisions	2.7	8,45,91,826	3,85,81,666
		80,53,83,035	37,75,09,821
		91,03,28,703	38,41,40,209
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	37,63,845	7,27,711
		37,63,845	7,27,711
Deferred tax assets (net)	2.3	6,14,69,431	8,01,04,898
Long-term loans and advances	2.10	52,34,513	5,46,83,171
		7,04,67,789	13,55,15,780
CURRENT ASSETS			
Trade receivables	2.11	68,59,79,532	20,33,33,398
Cash and cash equivalents	2.12	7,82,65,138	2,45,35,020
Short-term loans and advances	2.13	7,56,16,244	2,07,56,011
		83,98,60,914	24,86,24,429
		91,03,28,703	38,41,40,209
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of Board of Directors of
Lodestone Management Consultants Inc.

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	Year Ended December 31, 2015	2014
Income from consultancy services		2,81,93,63,330	1,74,77,70,677
Other income	2.14	(1,81,66,647)	(14,20,836)
Total revenue		2,80,11,96,683	1,74,63,49,841
Expenses			
Employee benefit expenses	2.15	76,79,69,799	78,15,89,727
Cost of technical sub-contractors	2.15	1,38,23,69,418	64,11,04,944
Travelling and conveyance		29,57,52,935	24,94,47,008
Communication expenses		89,63,698	68,81,544
Consultancy and professional charges		5,58,52,924	5,81,68,156
Finance Cost		23,83,640	29,74,760
Depreciation and amortization expenses		10,61,680	28,41,180
Other expenses	2.15	2,18,44,458	1,61,17,438
Total expenses		2,53,61,98,552	1,75,91,24,757
PROFIT / (LOSS) BEFORE TAX		26,49,98,131	(1,27,74,916)
Tax expense			
Current tax	2.16	14,51,17,706	9,96,38,584
Deferred tax	2.16	2,13,01,469	(4,69,91,586)
PROFIT / (LOSS) FOR THE YEAR		9,85,78,956	(6,54,21,914)
EARNINGS / (LOSS) PER EQUITY SHARE			
Shares of 1000 USD par value each			
Basic and diluted		9,85,790	(6,54,219)
Number of shared used in computing earnings per share			
Basic and diluted		100	100
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of Board of Directors of
Lodestone Management Consultants Inc.

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars		Year Ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		26,49,98,131	(1,27,74,916)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		10,61,680	28,41,180
Effect of exchange differences on translation of assets and liabilities		(5,62,128)	(43,75,022)
Provision for post-sales client support and warranties		2,80,569	–
Interest expense from parent company		23,83,640	29,74,760
Other adjustments		5,04,077	1,79,783
Changes in assets and liabilities			
Trade receivables		(48,31,50,211)	18,89,58,102
Loans and advances and other assets		(4,01,86,303)	7,60,82,740
Liabilities and provisions		37,22,76,388	(38,87,643)
		11,76,05,843	24,99,98,984
Income taxes paid		(6,52,90,185)	(8,78,84,325)
NET CASH GENERATED BY OPERATING ACTIVITIES		5,23,15,658	16,21,14,659
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(37,99,362)	(22,02,153)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(37,99,362)	(22,02,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent company		75,97,462	(17,00,78,957)
Finance cost		(23,83,640)	(29,74,760)
NET CASH USED IN FINANCING ACTIVITIES		52,13,822	(17,30,53,717)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5,37,30,118	(1,31,41,211)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,45,35,020	3,76,76,231
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		7,82,65,138	2,45,35,020
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of Board of Directors of
Lodestone Management Consultants Inc.

Jürgen Bauer
Director

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies

Company overview

Lodestone Management Consultants Inc. ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in statement of profit and loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Office equipment	5 years
Computer equipment [(1)]	3-5 years

[(1)] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.11 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.16 Cash flow statement

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

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Authorized capital		
100 (100) equity shares of USD 1000/- par value	62,07,500	62,07,500
Issued, subscribed and paid-up		
100 (100) equity shares of USD 1000/- par value	62,07,500	62,07,500
Of the above, 100 equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*		
	62,07,500	62,07,500

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 is set out below:

in ₹

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	100	100	100	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

in ₹

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	100	62,07,500	100	62,07,500
Number of shares at the end	100	62,07,500	100	62,07,500

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	(2,70,09,771)	(2,26,33,342)
Add : Foreign currency translation during the year	(2,63,676)	(43,76,429)
Foreign currency translation reserve – closing balance	(2,72,73,447)	(2,70,09,771)
Surplus – opening balance	2,74,32,659	9,28,54,573
Add: Net profit after tax transferred from Statement of Profit and Loss	9,85,78,956	(6,54,21,914)
Surplus – closing balance	12,60,11,615	2,74,32,659
	9,87,38,168	4,22,888

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2015	2014
Deferred tax assets		
Fixed assets	–	11,751
Compensated absences	–	70,90,210
Accrued compensation to employees	6,14,69,431	6,83,33,529
Others	-	46,69,408
	6,14,69,431	8,01,04,898

2.4 Short-term borrowings [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans	11,15,21,436	10,39,23,974
	11,15,21,436	10,39,23,974
[(1)] *Includes dues to holding company (Refer to Note 2.18)*	11,15,21,436	10,39,23,974

2.5 Trade payables [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	34,05,40,068	4,22,55,162
	34,05,40,068	4,22,55,162
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.18)*	10,58,79,258	4,15,92,758

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	3,41,72,130	2,49,09,288
Unearned revenue	6,36,04,800	1,58,34,440
Other liabilities		
Employee advances	15,12,927	–
Provision for expenses	16,39,26,755	8,42,60,318
Other payables [(1)]	55,13,093	6,77,44,973
	26,87,29,705	19,27,49,019
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.18)*	22,96,11,608	6,77,44,973

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	1,57,30,599	1,77,25,524
Other provisions		
Provision for post sales client support and warranties	2,86,290	–
Income taxes (net of advance tax and tax deducted at source)	6,85,74,937	2,08,56,142
	8,45,91,826	3,85,81,666

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties is as follows :

in ₹

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	–	–
Provision recognized / (reversal)	2,80,569	(3,201)
Provision utilized	–	–
Exchange difference during the period	5,721	3,201
Balance at the end	2,86,290	–

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.8 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Office equipment	Computer equipment	
Original cost			
As at January 1, 2015	94,543	1,74,85,826	1,75,80,369
Additions	–	37,99,362	37,99,362
Deductions / adjustments / retirements during the year	4,679	(85,70,580)	(85,65,901)
As at December 31, 2015	99,222	1,27,14,608	1,28,13,830
Depreciation and amortization			
As at January 1, 2015	94,543	1,67,58,115	1,68,52,658
For the year	–	10,61,680	10,61,680
Deductions / adjustments / retirements during the year	4,679	(88,69,032)	(88,64,353)
As at December 31, 2015	99,222	89,50,763	90,49,985
Net book value			
As at December 31, 2015	–	37,63,845	37,63,845

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Office equipment	Computer equipment	
Original cost			
As at January 1, 2014	92,698	1,49,15,603	1,50,08,301
Additions	–	22,02,153	22,02,153
Deductions / adjustments / retirements during the year	1,845	3,68,070	3,69,915
As at December 31, 2014	94,543	1,74,85,826	1,75,80,369
Depreciation and amortization			
As at January 1, 2014	74,673	1,35,65,483	1,36,40,156
For the year	17,889	28,23,291	28,41,180
Deductions / adjustments / retirements during the year	1,981	3,69,341	3,71,322
As at December 31, 2014	94,543	1,67,58,115	1,68,52,658
Net book value			
As at December 31, 2014	–	7,27,711	7,27,711

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of computers required a change from the previous estimates.

2.9 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	11,67,637	16,01,571

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	70,348	2,37,976
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of one year from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Other loans and advances		
Advances to employees	–	1,46,73,930
Advance income taxes (net of provisions)	52,34,513	4,00,09,241
	52,34,513	5,46,83,171

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Considered doubtful	8,20,891	–
Less: Provision for doubtful debts	8,20,891	–
	–	–
Other Debts		
Unsecured		
Considered good [1]	68,59,79,532	20,33,33,398
Considered doubtful	–	3,02,592
	68,59,79,532	20,36,35,990
Less: Provision for doubtful debts	–	3,02,592
	68,59,79,532	20,33,33,398
	68,59,79,532	20,33,33,398
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.18)*	45,40,56,525	9,43,95,754

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	7,82,65,138	2,45,35,020
	7,82,65,138	2,45,35,020

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Bank of America (USD)	7,82,65,138	2,45,35,020
Total cash and cash equivalents as per Balance Sheet	7,82,65,138	2,45,35,020

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Others		
Prepaid expenses	44,327	1,42,180
Others [1]	3,81,69,640	75,34,966
	3,82,13,967	76,77,146
Unbilled revenues	3,66,82,373	1,17,44,355
Rental deposits	7,19,904	13,34,510
	7,56,16,244	2,07,56,011
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.18)*	3,68,72,629	57,87,089

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Gains / (losses) on foreign currency, net	(1,81,66,647)	(14,20,836)
	(1,81,66,647)	(14,20,836)

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	76,00,33,687	77,32,16,003
Staff welfare	79,36,112	83,73,724
	76,79,69,799	78,15,89,727
Cost of technical sub-contractors		
Technical sub-contractors – related parties	86,51,95,087	23,48,01,898
Technical sub-contractors – others	51,71,74,331	40,63,03,046
	1,38,23,69,418	64,11,04,944
Finance cost		
Interest on loan from holding company	23,83,640	29,74,760
	23,83,640	29,74,760

in ₹

Particulars	Year ended December 31,	
	2015	2014
Other expenses		
Office maintenance	2,31,075	–
Rent	11,67,637	16,01,571
Rates and taxes, excluding taxes on income	2,73,738	2,60,883
Computer maintenance	1,43,792	4,38,004
Insurance charges	–	30,711
Provision for post-sales client support and warranties	2,80,569	(3,201)
Provision for bad and doubtful debts and advances	5,04,077	1,79,783
Auditor's remuneration		
Statutory audit fees	9,50,644	4,01,932
Bank charges and commission	6,75,053	4,79,915
Miscellaneous	1,76,17,873	1,27,27,840
	2,18,44,458	1,61,17,438

2.16 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	14,51,17,706	9,96,38,584
Deferred taxes	2,13,01,469	(4,69,91,586)
	16,64,19,175	5,26,46,998

2.17 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.18 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o *(formerly Infosys BPO s.r.o)* (1)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina

Name of fellow subsidiaries	Country
Infosys Canada Public Services Ltd.[(8)]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [(9)]	U.S.
Panaya Inc. (Panaya) [(10)]	U.S.
Panaya Ltd. [(11)]	Israel
Panaya Gmbh [(11)]	Germany
Panaya Pty Ltd. [(11)]	Australia
Panaya Japan Co. Ltd. [(11)]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [(12)]	India
Kallidus Inc. (Kallidus) [(13)]	U.S.
Noah Consulting LLC (Noah) [(14)]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [(15)]	Canada

[(1)] *Wholly-owned subsidiaries of Infosys BPO*
[(2)] *Under liquidation*
[(3)] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[(4)] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[(5)] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[(6)] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[(7)] *Incorporated effective February 14, 2014*
[(8)] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[(9)] *Incorporated effective January 23, 2015*
[(10)] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[(11)] *Wholly-owned subsidiary of Panaya Inc.*
[(12)] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[(13)] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[(14)] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[(15)] *Wholly-owned subsidiary of Noah*
[(16)] *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,59,99,439	1,47,09,466
Lodestone Management Consultants Pty. Limited	23,29,930	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	38,56,36,423	7,96,86,288
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	5,00,90,733	–
Total	45,40,56,525	9,43,95,754
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	3,49,92,664	2,62,72,253
Lodestone Management Consultants China Co., Ltd.	5,943	–
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	59,340	–
Lodestone Management Consultants B.V.	18,12,477	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	44,31,325	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,46,81,882	1,40,74,667
Lodestone Management Consultants Sp. z.o.o.	1,19,73,942	9,50,440
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	3,10,30,915	2,16,282
Lodestone Management Consultants Ltda.	–	79,116
Lodestone Management Consultants (Belgium) S.A.	68,90,770	–
Total	10,58,79,258	4,15,92,758
Unsecured loans		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	11,15,21,436	10,39,23,974
Total	11,15,21,436	10,39,23,974
Other receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	32,93,547	28,39,119
Lodestone Management Consultants China Co., Ltd.	2,60,758	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,80,65,989	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	52,52,335	29,47,970
Total	3,68,72,629	57,87,089
Other payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	22,23,36,097	6,49,95,556
Infosys Public Services, Inc. USA (Infosys Public Services)	82,105	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	36,36,215	–
Infosys Limited	35,57,191	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	20,17,265

Particulars	As at December 31,	
	2015	2014
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	–	7,32,152
Total	22,96,11,608	6,77,44,973

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Loan		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	75,97,462	17,85,91,500
Total	75,97,462	17,85,91,500
Revenue transactions		
Interest expense		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	23,83,640	29,74,760
Total	23,83,640	29,74,760
Purchase of shared services including facilities and personnel		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	51,79,17,504	10,93,64,656
Lodestone Management Consultants Pty. Limited	5,31,963	–
Lodestone Management Consultants China Co., Ltd.	24,32,544	–
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*	8,03,638	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	91,94,058	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	10,14,19,831	4,22,71,670
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	12,28,71,231	10,25,57,515
Lodestone Management Consultants Sp. z.o.o.	5,26,43,795	44,13,868
Lodestone Management Consultants Portugal, Unipessoal, Lda.	2,30,33,517	–
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	–	–
Lodestone Management Consultants Ltda.	72,38,428	87,478
Lodestone Management Consultants B.V.	1,06,17,363	46,77,032
Lodestone Management Consultants (Belgium) S.A.	3,03,72,029	34,18,416
Total	87,90,75,901	26,67,90,635
Sale of shared services including facilities and personnel		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	16,08,03,382	31,84,34,038
Lodestone Management Consultants Pty. Limited	23,44,540	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,04,59,672	27,43,481
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,57,41,46,938	1,01,39,39,900
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	17,09,58,371	–
Infosys Limited	–	1,67,17,859
Total	1,91,87,12,903	1,35,18,35,278

2.19 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Lodestone Management Consultants (Belgium) S.A.

Independent Auditor's report

To the Members of Lodestone Management Consultants (Belgium) S.A.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants (Belgium) S.A. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered accountants,
Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bangalore
Date: January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,44,75,106	3,44,75,106
Reserves and surplus	2.2	(23,89,61,534)	(22,89,45,879)
		(20,44,86,428)	(19,44,70,773)
CURRENT LIABILITIES			
Short-term borrowings	2.3	21,35,53,642	11,23,52,871
Trade payables	2.4	2,44,98,599	5,21,96,355
Other current liabilities	2.5	18,30,22,991	21,24,41,201
Short-term provisions	2.6	1,54,13,806	2,26,73,427
		43,64,89,038	39,96,63,854
		23,20,02,610	20,51,93,081
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	25,40,322	29,07,550
		25,40,322	29,07,550
Long-term loans and advances	2.9	12,89,688	1,08,78,298
		38,30,010	1,37,85,848
CURRENT ASSETS			
Trade receivables	2.10	6,50,13,030	10,86,08,078
Cash and cash equivalents	2.11	4,59,59,575	99,19,964
Short-term loans and advances	2.12	11,71,99,995	7,28,79,191
		22,81,72,600	19,14,07,233
		23,20,02,610	20,51,93,081
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone Management Consultants (Belgium) S.A.

Wouter van der Meer
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹ except per share data

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
Income from consultancy services		39,35,37,748	47,49,80,258
Other income	2.13	(42,03,923)	(68,65,925)
Total revenue		38,93,33,825	46,81,14,333
Expenses			
Employee benefit expenses	2.14	29,22,41,424	39,44,23,010
Cost of technical sub-contractors	2.14	3,87,32,849	10,65,96,390
Travel expense		4,72,37,868	5,08,52,746
Communication expense		37,12,811	37,47,507
Consultancy and professional charges		1,33,37,237	74,90,623
Depreciation and amortization expense	2.7	13,10,077	5,48,961
Other expenses	2.14	1,39,20,725	1,30,25,110
Finance cost		13,96,403	23,05,156
Total expenses		41,18,89,394	57,89,89,503
LOSS BEFORE TAX		(2,25,55,569)	(11,08,75,170)
Tax expense			
Current tax	2.15	-	-
Deferred tax	2.15	-	8,44,07,316
LOSS FOR THE YEAR		(2,25,55,569)	(19,52,82,486)
LOSS PER EQUITY SHARE			
Equity shares of par value EUR 489.32/- each			
Basic and diluted		(22,556)	(1,95,282)
Number of shares used in computing earnings per share			
Basic and diluted		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone Management Consultants (Belgium) S.A.

Wouter van der Meer
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,25,55,569)	(11,08,75,170)
Adjustments to reconcile loss before tax to cash provided by operating activities			
Depreciation and amortization expense		13,10,077	5,48,961
Interests received on deposits with banks		(1,501)	(6,981)
Provision for doubtful debt		13,915	(14,40,349)
Interest on loan from holding company		13,96,403	23,05,156
Effect of exchange differences on translation of assets and liabilities		1,27,00,698	2,36,94,765
Changes in assets and liabilities			
Trade receivables		4,35,81,133	(4,76,80,562)
Loans and advances and other assets		(3,47,31,775)	(5,91,98,423)
Liabilities and provisions		(6,43,75,587)	17,79,54,146
		(6,26,62,206)	(1,46,98,457)
Income tax paid		(419)	(6,34,386)
NET CASH GENERATED BY OPERATING ACTIVITIES		(6,26,62,625)	(1,53,32,843)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(11,03,633)	(31,46,315)
Interests received on deposits with banks		1,501	6,981
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(11,02,132)	(31,39,334)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on loan from holding company		(13,96,403)	(23,05,156)
Increase / (decrease) in loan from holding company		10,12,00,771	(15,45,382)
NET CASH USED IN FINANCING ACTIVITIES		9,98,04,368	(38,50,538)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,60,39,611	(2,23,22,715)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		99,19,964	3,22,42,679
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,59,59,575	99,19,964
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of the Board of Directors of Lodestone Management Consultants (Belgium) S.A.

Wouter van der Meer
Director

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants (Belgium) S.A. ('the Company') is a majority-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end, revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software, and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the other fixed assets as follows:

Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years

[1] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.7*)

1.12 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows is expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided 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.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using the projected-unit-credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issue including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash flow statement

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

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Authorized		
1,000 (1,000) equity shares of EUR 489.32/- par value	3,44,75,106	3,44,75,106
Issued, subscribed and paid-up		
1,000 (1,000) equity shares of EUR 489.32/- par value	3,44,75,106	3,44,75,106
(Of the above, 999 equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*)		
	3,44,75,106	3,44,75,106

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are as follows:

Name of the shareholder	As at December 31, 2015		As at December 31, 2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	999	99.90	999	99.90

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning of the period	1,000	3,44,75,106	1,000	3,44,75,106
Shares at the end of the period	1,000	3,44,75,106	1,000	3,44,75,106

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Foreign currency translation reserve – opening balance	9,44,63,791	6,78,75,111
Add: Foreign currency translation during the year	1,25,39,914	2,65,88,680
Foreign currency translation reserve – closing balance	10,70,03,705	9,44,63,791
Other reserve [(1)] – opening balance	1,72,355	1,72,355
Other reserve [(1)] – closing balance	1,72,355	1,72,355
Surplus – opening balance	(32,35,82,025)	(12,82,99,539)
Add: Net profit after tax transferred from Statement of Profit and Loss	(2,25,55,569)	(19,52,82,486)
Surplus – closing balance	(34,61,37,594)	(32,35,82,025)
	(23,89,61,534)	(22,89,45,879)

[(1)] *The Company is required to transfer 5% of the net profit to the reserves till it reaches 10% of the equity share capital.*

2.3 Short-term borrowings

in ₹

Particulars	As at December 31 2015	, 2014
Loan from related party – unsecured *(Refer to Note 2.17)*	21,35,53,642	11,23,52,871
	21,35,53,642	11,23,52,871

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [1]	2,44,98,599	5,21,96,355
	2,44,98,599	5,21,96,355
[1] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	48,30,501	5,21,96,355

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	1,36,25,878	2,19,18,728
Other liabilities		
Provision for expenses	7,13,62,620	5,94,50,294
Withholding and other taxes payable	4,46,70,224	3,41,12,948
Other payables[1]	5,33,64,269	9,69,59,231
	18,30,22,991	21,24,41,201
[1] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	5,33,61,500	9,64,88,286

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	1,54,13,806	2,26,73,427
	1,54,13,806	2,26,73,427

2.7 Fixed assets

The changes in the carrying value of fixed assets for the year ended December 31, 2015 are as follows:

in ₹ , except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	Software	Total	
Original cost								
As at January 1, 2015	1,37,27,200	11,93,243	85,81,824	17,69,210	2,52,71,477	26,84,297	26,84,297	2,79,55,774
Additions / adjustments during the period	-	-	11,03,633	-	11,03,633	-	-	11,03,633
Deductions / retirement during the period	-	-	-	-	-	-	-	-
Forex difference	(8,02,948)	(4,90,446)	(39,37,413)	(1,03,487)	(53,34,294)	-	-	(53,34,294)
As at December 31, 2015	1,29,24,252	7,02,797	57,48,044	16,65,723	2,10,40,816	26,84,297	26,84,297	2,37,25,113
Depreciation and amortization								
As at January 1, 2015	1,37,27,200	11,93,243	56,74,274	17,69,210	2,23,63,927	26,84,297	26,84,297	2,50,48,224
For the period	-	-	13,10,077	-	13,10,077	-	-	13,10,077
Deductions / adjustments during the period	-	-	-	-	-	-	-	-
Forex difference	(8,02,948)	(4,90,446)	(37,76,629)	(1,03,487)	(51,73,510)	-	-	(51,73,510)
As at December 31, 2015	1,29,24,252	7,02,797	32,07,722	16,65,723	1,85,00,494	26,84,297	26,84,297	2,11,84,791
Net book value								
As at December 31, 2015	-	-	25,40,322	-	25,40,322	-	-	25,40,322

The changes in the carrying value of fixed assets for the year ended December 31, 2014 are as follows:

in ₹ , except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	Software	Total	
Original cost								
As at January 1, 2014	1,52,52,445	13,25,826	34,63,750	19,65,789	2,20,07,810	23,53,651	23,53,651	2,43,61,461
Additions / adjustments during the period	-	-	31,46,315	-	31,46,315	-	-	31,46,315
Deductions / retirement during the period	-	-	-	-	-	-	-	-
Forex difference	(15,25,245)	(1,32,583)	19,71,759	(1,96,579)	1,17,352	3,30,646	3,30,646	4,47,998
As at December 31, 2014	1,37,27,200	11,93,243	85,81,824	17,69,210	2,52,71,477	26,84,297	26,84,297	2,79,55,774
Depreciation and amortization								
As at January 1, 2014	1,52,52,445	13,25,826	31,80,819	17,51,970	2,15,11,060	23,53,651	23,53,651	2,38,64,711
For the period	-	-	3,35,871	2,13,090	5,48,961	-	-	5,48,961
Deductions / adjustments during the period	-	-	-	-	-	-	-	-
Forex difference	(15,25,245)	(1,32,583)	21,57,584	(1,95,850)	3,03,906	3,30,646	3,30,646	6,34,552
As at December 31, 2014	1,37,27,200	11,93,243	56,74,274	17,69,210	2,23,63,927	26,84,297	26,84,297	2,50,48,224
Net book value								
As at December 31, 2014	-	-	29,07,550	-	29,07,550	-	-	29,07,550

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily comprising of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows :

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the period	50,37,313	57,34,433

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	51,10,424	54,27,921
Due in a period between one year and five years	52,66,576	1,10,97,083

The operating lease arrangements, are renewable on a periodic basis and extend up to a maximum of two years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Other loans and advances		
Advance income taxes	1,640	1,221
Advances to employees	12,88,048	1,08,77,077
	12,89,688	1,08,78,298

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	82,458	87,581
Less: Provision for doubtful debts	82,458	87,581
	-	-
Others		
Unsecured		
Considered good[(1)]	6,50,13,030	108608078
	6,50,13,030	10,86,08,078
[(1)] *Includes dues from fellow subsidiaries (refer to note 2.17)*	6,28,14,688	7,22,68,508

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	4,59,59,575	99,19,964
	4,59,59,575	99,19,964

The details of balances as on Balance Sheet dates with banks are as follows :

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
ING	1,77,36,325	98,56,103
Crelan	4,69,253	62,939
Deutsche Bank	2,77,53,997	-
Belfius Bank	-	922
Total cash and cash equivalents as per Balance Sheet	4,59,59,575	99,19,964

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	1,71,284	-
For supply of goods and rendering of services	-	2,24,401
Withholding and other taxes receivable	10,72,67,634	6,88,65,428
	10,74,38,918	6,90,89,829
Unbilled revenues	13,14,601	37,74,851
Loans and advances to employees		
Salary advances	84,46,476	14,511
	11,71,99,995	7,28,79,191

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	1,501	6,981
Miscellaneous income, net	4,79,635	11,05,369
Gains / (losses) on foreign currency, net	(46,85,059)	(79,78,275)
	(42,03,923)	(68,65,925)

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	29,02,02,365	39,24,39,977
Staff welfare	20,39,059	19,83,033
	29,22,41,424	39,44,23,010
Cost of technical sub-contractors		
Technical sub-contractors – Related parties	1,28,29,383	9,48,35,886
Technical sub-contractors – Others	2,59,03,466	1,17,60,504
	3,87,32,849	10,65,96,390

Particulars	Year ended December 31,	
	2015	2014
Other expenses		
Office maintenance	17,32,624	19,40,188
Rent	50,37,313	57,34,433
Rates and taxes, excluding taxes on income	5,34,332	9,98,207
Computer maintenance	2,98,488	99,808
Insurance charges	1,72,878	6,97,305
Provision for bad and doubtful debts and advances	13,915	(14,40,349)
Auditor's remuneration		
Statutory audit fees	18,37,551	93,665
Bank charges	3,03,023	3,57,967
Others	39,90,601	45,43,886
	1,39,20,725	1,30,25,110

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Deferred taxes	-	8,44,07,316
	-	8,44,07,316

2.16 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.17 Related party transactions

List of related parties:

Note of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	99.90 %	99.90 %

Name of ultimate holding company	Country
Infosys Limited	India

[1] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [(1)]	Czech Republic
Infosys BPO (Poland) Sp z o.o. [(1)]	Poland
Infosys BPO S. de R. L. de C. V [(1)(2)]	Mexico
Infosys McCamish Systems LLC [(1)]	U.S.
Portland Group Pty. Limited [(1)]	Australia
Portland Procurement Services Pty. Ltd[(5)]	Australia
Infosys BPO Americas LLC [(1)(16)]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)]	Australia
EdgeVerve Systems Limited (EdgeVerve) [(7)]	India
Lodestone Management Consultants Inc. [(3)]	U.S.
Lodestone Management Consultants Pty Limited[(3)]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [(3)]	Switzerland
Lodestone Augmentis AG [(2)(6)]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [(2)(3)]	Switzerland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)]	Portugal
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [(3)]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [(3)]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [(3)]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [(3)]	Czech Republic
Lodestone Management Consultants GmbH [(3)]	Austria
Lodestone Management Consultants Co., Ltd. [(3)]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [(3)]	U.K.
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* [(3)]	Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* [(4)]	Brazil
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* [(3)]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [(3)]	Argentina
SC Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* [(3)]	Romania
Infosys Canada Public Services Ltd.[(8)]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [(9)]	U.S.
Panaya Inc. (Panaya) [(10)]	U.S.
Panaya Ltd. [(11)]	Israel
Panaya GmbH [(11)]	Germany

Name of fellow subsidiaries	Country
Panaya Pty. Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

Particulars	As at December 31,	
	2015	2014
Unsecured loans		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	21,35,53,642	11,23,52,871
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	68,25,025	1,19,35,236
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	63,30,195	88,69,209
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	3,48,38,639	3,70,37,775
Lodestone Management Consultants Inc.	68,90,770	-
Lodestone Management Consultants B.V.	79,30,059	70,73,816
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	-	31,48,309
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	-	42,04,163
	6,28,14,688	7,22,68,508
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	38,59,838	1,27,33,877
Lodestone Management Consultants Sp. z.o.o.	74,022	40,318
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	7,47,293	3,94,22,160
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	1,13,648	-
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	35,700	-
	48,30,501	5,21,96,355
Other payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	2,88,44,000	5,16,98,250
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,45,17,500	4,47,90,036
	5,33,61,500	9,64,88,286

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

Particulars	Year ended December 31,	
	2015	2014
Capital transactions:		
Loan taken / (repayment)		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	10,12,00,771	-
	10,12,00,771	-
Revenue transactions		
Purchase of services including shared services and facilities		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	39,00,713	56,15,913
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	35,44,620	2,87,04,269
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,11,95,209	5,07,62,942
Lodestone Management Consultants B.V.	-	97,70,358
Lodestone Management Consultants Sp. z o.o.	4,47,576	5,13,929
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	-	2,80,106
	1,90,88,118	9,56,47,517
Interest expense		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	13,96,403	23,05,820
	13,96,403	23,05,820

Particulars	Year ended December 31,	
	2015	2014
Sale of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	5,31,80,873	3,70,51,483
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	4,64,97,830	7,75,44,098
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	69,80,873	2,19,45,396
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	11,66,13,812	17,99,84,719
Lodestone Management Consultants Inc.	3,04,00,798	34,26,698
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	3,44,39,505	1,83,21,767
Lodestone Management Consultants BV	8,14,58,727	6,70,47,235
	36,95,72,418	40,53,21,396

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Lodestone Management Consultants Ltda.

Independent Auditor's report

To the Members of Lodestone Management Consultants Ltda.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Ltda. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,23,21,64,646	39,65,645
Reserves and surplus	2.2	(1,05,18,87,541)	(1,13,13,45,885)
		18,02,77,105	(1,12,73,80,240)
CURRENT LIABILITIES			
Short-term borrowings	2.3	5,54,74,712	1,26,93,01,072
Trade payables	2.4	46,58,515	1,20,47,997
Other current liabilities	2.5	28,58,18,071	15,51,35,039
Short-term provisions	2.6	6,43,96,788	14,39,58,225
		41,03,48,086	1,58,04,42,333
		59,06,25,191	45,30,62,093
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	1,24,56,589	1,67,60,761
		1,24,56,589	1,67,60,761
CURRENT ASSETS			
Trade receivables	2.9	25,52,20,828	16,21,14,567
Cash and cash equivalents	2.10	5,06,29,539	3,82,39,425
Short-term loans and advances	2.11	27,23,18,235	23,59,47,340
		57,81,68,602	43,63,01,332
		59,06,25,191	45,30,62,093
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of
Lodestone Management Consultants Ltda.

Claudio Elsas
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		1,33,22,73,398	84,37,53,320
Other income	2.12	(46,65,68,064)	(4,41,34,760)
Total revenue		86,57,05,334	79,96,18,560
Expenses			
Employee benefit expenses	2.13	85,62,66,948	88,08,64,128
Cost of technical sub-contractors	2.13	15,38,47,121	16,26,40,918
Travel expenses		14,65,34,371	15,02,49,564
Communication expenses		84,19,962	92,70,244
Consultancy and professional charges		1,46,28,279	2,24,42,331
Finance cost		44,23,418	6,10,56,990
Depreciation and amortization expenses	2.7	94,12,614	1,17,24,693
Other expenses	2.13	4,82,05,285	3,93,11,167
Total expenses		1,24,17,37,998	1,33,75,60,035
PROFIT BEFORE TAX		(37,60,32,664)	(53,79,41,475)
Tax expense	2.14		
Current tax		(2,03,727)	(44,53,715)
Deferred tax		–	23,04,24,563
PROFIT / (LOSS) FOR THE PERIOD		(37,58,28,937)	(76,39,12,323)
LOSS PER EQUITY SHARE			
Shares of 1 BRL par value each			
Basic and diluted		(19.71)	(5,092.75)
Number of shares used in computing earnings per share			
Basic and diluted		1,90,68,654	1,50,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of
Lodestone Management Consultants Ltda.

Claudio Elsas
Director

Cash Flow Statement

in ₹

Particulars	Note	for the year ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(37,60,32,664)	(53,79,41,475)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		94,12,614	1,17,24,693
Finance cost		44,23,418	6,10,56,990
Effect of exchange differences on translation of assets and liabilities		46,00,05,422	10,80,86,506
Loss on sale of assets		13,52,414	–
Provision for bad and doubtful debts		34,12,760	–
Provision for post-sales client support and warranties		9,52,176	28,08,051
Changes in assets and liabilities			
Trade receivables		(9,65,19,021)	90,66,656
Loans and advances and other assets		(3,63,70,895)	3,75,54,500
Liabilities and provisions		4,27,79,937	16,20,05,306
		1,34,16,161	14,56,38,773
Income taxes paid		2,03,727	32,28,519
NET CASH GENERATED BY OPERATING ACTIVITIES		1,36,19,888	14,24,10,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,11,78,997)	(1,93,64,840)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,11,78,997)	(1,93,64,840)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received / (paid)		(1,21,38,26,360)	20,59,50,162
Proceeds from issue of share capital		1,22,81,99,001	–
Finance cost		(44,23,418)	(6,10,56,990)
NET CASH USED IN FINANCING ACTIVITIES		99,49,223	14,48,93,172
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,23,90,114	(1,68,81,922)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,82,39,425	5,51,21,347
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		5,06,29,539	3,82,39,425
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of Board of Directors of
Lodestone Management Consultants Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies

Company overview

Lodestone Management Consultants Ltda. ('the Company') is a majority-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year-end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.7 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.8 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the other fixed assets as follows:

Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years

[(1)] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.7*)

1.9 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.10 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.11 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.12 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.13 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.15 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash flow statement

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

1.18 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Authorized		
7,58,24,615 (150,000) equity shares of BRL 1/- par value	1,23,21,64,646	39,65,645
Issued, subscribed and paid-up		
7,58,24,615 (150,000) equity shares of BRL 1/- par value	1,23,21,64,646	39,65,645
(Of the above, 7,58,24,605 equity shares are held by the holding company, Lodestone Holding AG)		
	1,23,21,64,646	39,65,645

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 is set out below:

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	7,58,24,605	99.99	1,49,990	99.99

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,50,000	39,65,645	1,50,000	39,65,645
Add: Shares issued during the year	7,56,74,615	1,22,81,99,001	-	-
Number of shares at the end	7,58,24,615	1,23,21,64,646	1,50,000	39,65,645

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	10,71,82,995	1,41,80,051
Add: Foreign currency translation during the year	45,52,87,281	9,30,02,944
Foreign currency translation reserve – closing balance	56,24,70,276	10,71,82,995
Surplus – opening balance	(1,23,85,28,880)	(47,46,16,557)
Add: Net profit after tax transferred from Statement of Profit and Loss	(37,58,28,937)	(76,39,12,323)
Surplus – closing balance	(1,61,43,57,817)	(1,23,85,28,880)
	(1,05,18,87,541)	(1,13,13,45,885)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2015	2014
From related parties – unsecured [(1)]	5,54,74,712	1,26,93,01,072
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	5,54,74,712	1,26,93,01,072

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [(1)]	46,58,515	1,20,47,997
	46,58,515	1,20,47,997
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.16)*	9,67,256	27,72,665

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	1,45,23,829	1,84,81,530
Unearned revenue	1,14,90,988	6,63,19,766
Other liabilities		
Provision for expenses [(1)]	1,69,39,128	7,64,403
Withholding and other taxes payable	1,92,90,271	2,75,38,743
Other payables [(2)]	22,35,73,855	4,20,30,597
	28,58,18,071	15,51,35,039
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	13,65,008	–
[(2)] *Includes dues to related parties (Refer to Note 2.16)*	21,55,86,612	2,30,25,869

2.6 Short-term provisions

In ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	6,14,65,081	14,13,42,474
Others		
Post-sales client support and warranties and other provisions	29,31,707	26,15,751
	6,43,96,788	14,39,58,225

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties and other provisions is as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	26,15,751	–
Provision recognized / (reversed)	9,52,176	28,08,051
Provision utilized	–	–
Exchange difference during the period	(6,36,220)	(1,92,300)
Balance at the end	29,31,707	26,15,751

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Land-Leasehold	Plant and Machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost						
As at January 1, 2015	–	5,69,127	4,07,505	1,82,18,997	1,59,86,709	3,51,82,338
Additions / adjustments during the period	–	–	1,18,835	1,10,60,162	–	1,11,78,997
Deductions / retirement during the period	–	(4,67,271)	(3,28,667)	(65,85,717)	(1,21,89,080)	(1,95,70,735)
As at December 31, 2015	–	1,01,856	1,97,673	2,26,93,442	37,97,629	2,67,90,600
Depreciation and amortization						
As at January 1, 2015	–	5,69,127	2,92,911	93,63,598	81,95,941	1,78,52,450
For the period	–	–	59,550	65,43,576	28,09,488	94,12,614
Deductions / adjustments during the period	–	(4,67,271)	(2,67,083)	(37,26,819)	(90,39,007)	(1,35,00,180)
As at December 31, 2015	–	1,01,856	85,378	1,21,80,355	19,66,422	1,43,34,011
Net book value						
As at December 31, 2015	–	–	1,12,295	1,05,13,087	18,31,207	1,24,56,589

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Land-Leasehold	Plant and Machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost						
As at January 1, 2014	83,01,087	–	34,01,731	1,12,59,006	87,95,836	3,17,57,660
Additions / adjustments during the period	51,73,393	–	7,51,829	93,43,937	40,95,681	1,93,64,840
Deductions / retirement during the period	(1,34,74,480)	5,69,127	(37,46,055)	(23,83,946)	30,95,192	(1,59,40,162)
As at December 31, 2014	–	5,69,127	4,07,505	1,82,18,997	1,59,86,709	3,51,82,338
Depreciation and amortization						
As at January 1, 2014	43,70,361	–	5,43,708	25,65,171	10,80,992	85,60,232
For the period	17,00,054	–	3,33,075	65,26,220	31,65,344	1,17,24,693
Deductions / adjustments during the period	(60,70,415)	5,69,127	(5,83,872)	2,72,207	39,49,605	(18,63,348)
As at December 31, 2014	–	5,69,127	2,92,911	93,63,598	81,95,941	1,84,21,577
Net book value						
As at December 31, 2014	–	–	1,14,594	88,55,399	77,90,768	1,67,60,761

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	1,25,24,612	1, 89,20,809

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	2,03,67,615	73,70,215
Due in a period between one year and five years	7,08,90,615	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of five years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	15,79,830	–
Less: Provision for doubtful debts	(15,79,830)	–
	–	–
Debts outstanding for not more than six months		
Unsecured		
Considered good [1]	25,52,20,828	16,21,14,567
Considered doubtful (Others)		
Considered doubtful[1]	11,20,258	–
	25,63,41,086	16,21,14,567
Less: Provision for doubtful debts (others)	11,20,258	–
	25,52,20,828	16,21,14,567
	25,52,20,828	16,21,14,567
[1] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.16)*	10,49,65,522	3,81,42,286

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	31,683	26,969
Balances with banks		
In current accounts	5,05,97,856	3,82,12,456
	5,06,29,539	3,82,39,425

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
HSBC Bank Brasil S.A.	5,05,97,856	3,82,12,456
Total cash and cash equivalents as per Balance Sheet	5,05,97,856	3,82,12,456

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Withholding and other taxes receivable	11,25,51,848	3,35,83,288
Others	56,96,969	83,67,432
	11,82,48,817	4,19,50,720
Unbilled revenues	14,91,90,272	17,47,76,256
Loans and advances to employees		
Salary advances	48,79,146	1,62,83,055
Electricity and other deposits		
Security deposits	–	29,37,309
	27,23,18,235	23,59,47,340

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Miscellaneous income, net	8,32,65,461	–
Gains / (losses) on foreign currency, net	(54,98,33,525)	(4,41,34,760)
	(46,65,68,064)	(4,41,34,760)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	84,88,88,871	87,01,75,891
Staff welfare	73,78,077	1,06,88,237
	85,62,66,948	88,08,64,128
Cost of technical sub-contractors		
Technical sub-contractors – related parties	57,02,384	–
Technical sub-contractors – others	14,81,44,737	16,26,40,918
	15,38,47,121	16,26,40,918
Other expenses		
Office maintenance	70,78,500	64,19,753
Power and fuel	7,62,744	7,91,203
Brand building	6,39,714	4,41,850
Rent	1,25,24,612	1,89,20,809
Rates and taxes, excluding taxes on income	1,04,29,732	33,44,375
Computer maintenance	3,39,248	(38,618)
Provision for post-sales client support and warranties	9,52,176	28,08,051
Provision for bad and doubtful debts and advances	34,12,760	–
Bank charges and commission	25,04,226	10,71,724
Miscellaneous	95,61,573	55,52,020
	4,82,05,285	3,93,11,167

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	(2,03,727)	(44,53,715)
Deferred taxes	–	23,04,24,563
	(2,03,727)	22,59,70,848

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	99.99%	99.99%

Name of ultimate holding company	Country
Infosys Limited	India

[1] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [1]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Infosys Consulting AG (*formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Lodestone Management Consultants B.V. [3]	Netherlands
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC (Infosys Nova)[9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia

Name of fellow subsidiaries	Country
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and *December 31, 2014* are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Loans		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)* [1]	–	1,26,93,01,072
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	5,54,74,712	–
Total	5,54,74,712	1,26,93,01,072
Trade receivables		
Infosys Technologia DO Brasil LTDA	1,78,31,014	2,31,96,273
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	–	1,01,58,303
Lodestone Management Consultants GmbH	1,63,562	47,08,595
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	80,112	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	8,09,74,481	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,53,196	–
Lodestone Management Consultants Inc.	56,63,157	–
Lodestone Management Consultants Pty. Limited	–	79,116
Total	10,49,65,522	3,81,42,286
Advance received		
Infosys Technologia DO Brasil LTDA	–	2,30,25,869
Total	–	2,30,25,869
Trade payables		
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	26,14,810
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	7,21,775	–
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	1,10,463
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,68,115	47,392
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	77,366	–
Total	9,67,256	27,72,665
Other payabes		
Infosys Technologia DO Brasil LTDA	70,29,429	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	18,17,00,153	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,83,94,216	–
Lodestone Management Consultants Inc.	56,63,157	–
Lodestone Management Consultants GmbH	27,99,657	–
Total	21,55,86,612	–
Provision for expense		
Infosys Technologia DO Brasil LTDA	13,65,008	–
Total	13,65,008	–

(1) *Loan outstanding to Infosys Consulting Holding AG is converted to equity during the year ended December 31, 2015.*

The details of the related party transactions entered into by the Company for the year ended *December 31, 2015* and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)* (1)	1,22,81,99,001	–
Revenue transactions		
Purchase of services and shared services, including facilities and personnel		
Infosys Technologia do Brasil Ltda	14,00,994	–
Lodestone Management Consultants GmbH	34,60,807	–
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	8,40,583	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,47,385	–
Total	58,49,769	–
Sale of services		
Infosys Technologia DO Brasil LTDA	5,31,20,942	–
Infosys Brazil	–	4,55,47,330
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	9,48,64,835	9,02,78,028
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,74,45,265	66,21,655
Lodestone Management Consultants GmbH	1,90,610	50,03,941
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	(2,346)
Lodestone Management Consultants Inc.	72,34,058	87,416
	18,28,55,710	14,75,36,024

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – ‘Segment Reporting’.

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Lodestone Augmentis AG.

Independent Auditor's report

To the Members of Lodestone Augmentis AG.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Augmentis AG ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	47,75,000	47,75,000
Reserves and surplus	2.2	1,08,62,473	88,86,109
		1,56,37,473	1,36,61,109
CURRENT LIABILITIES			
Trade payables	2.3	–	5,77,313
Other current liabilities	2.4	40,45,625	60,89,223
Short-term provisions	2.5	–	18,66,991
		40,45,625	85,33,527
		1,96,83,098	2,21,94,636
ASSETS			
CURRENT ASSETS			
Trade receivables	2.7	–	1,01,02,436
Cash and cash equivalents	2.8	1,90,95,716	98,98,008
Short-term loans and advances	2.9	5,87,382	21,94,192
		1,96,83,098	2,21,94,636
		1,96,83,098	2,21,94,636
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements
As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone Augmentis AG

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
Income from consultancy services		–	3,27,05,610
Other income	2.10	10,12,113	10,745
Total revenue		10,12,113	3,27,16,355
Expenses			
Employee benefit expenses	2.11	–	2,50,81,338
Travelling and conveyance		35,459	33,15,868
Communication expenses	2.11	5,562	2,71,193
Consultancy and professional charges		4,36,388	1,14,471
Other expenses	2.11	2,74,307	2,56,503
Total expenses		7,51,716	2,90,39,373
PROFIT BEFORE TAX		2,60,397	36,76,982
Tax expense			
Current tax	2.12	(10,79,036)	9,23,417
Deferred tax	2.12	–	–
PROFIT FOR THE YEAR		13,39,433	27,53,565
EARNINGS PER EQUITY SHARE			
Equity shares of par value USD 0.50/- each			
Basic and diluted		1,339	2,754
Number of shares used in computing earnings per share			
Basic and diluted		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of the Board of Directors of Lodestone Augmentis AG

Peter Ödman
Director

Cash Flow Statement

in ₹

Particulars		Year ended 31 December,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,60,397	36,76,982
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		–	(737)
Effect of exchange differences on translation of assets and liabilities		6,36,931	(11,80,950)
Changes in assets and liabilities			
Trade receivables		1,01,02,436	1,34,47,019
Loans and advances and other assets		21,90,340	(21,81,029)
Liabilities and provisions		(26,20,911)	(67,15,528)
		1,05,69,193	70,45,757
Income taxes paid		(13,71,485)	(8,73,386)
NET CASH GENERATED BY OPERATING ACTIVITIES		91,97,708	61,72,371
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		–	737
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		–	737
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		91,97,708	61,73,108
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		98,98,008	37,24,900
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,90,95,716	98,98,008
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements
As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Lodestone Augmentis AG

Peter Ödman
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Lodestone Augmentis AG ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland), (through Infosys Consulting AG (formerly Lodestone Management Consultants AG). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

On July 6, 2015, the Board of Directors of Lodestone Augmentis AG have passed a resolution approving in principle the liquidation of the company. On July 21, 2015, the company was officially registered in the Schweizerisches Handelsamtsblatt (Swiss Official Gazette) and is under liquidation since then. Accordingly, the financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on a liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their net realizable value and liabilities recorded at their known estimated settlement value.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.8 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.10 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

1.12 Cash flow statement

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

1.13 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.14 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2015	As at December 31, 2014
Authorized		
1,000 (1,000) equity shares of CHF 100/- par value	47,75,000	47,75,000
Issued, subscribed and paid-up		
1,000 (1,000) equity shares of CHF 100/- par value	47,75,000	47,75,000
	47,75,000	47,75,000

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 is set out below:

in ₹

Name of the shareholder	As at December 31, 2015		As at December 31, 2014	
	No. of shares	% held	No. of shares	% held
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	1,000	100	1,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

in ₹

Particulars	As at December 31,			
	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning	1,000	47,75,000	1,000	47,75,000
Shares at the end	1,000	47,75,000	1,000	47,75,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	12,79,954	24,60,904
Add: Foreign currency translation during the year	6,36,931	(11,80,950)
Foreign currency translation reserve – closing balance	19,16,885	12,79,954
Surplus – opening balance	76,06,155	48,52,590
Add : Net profit after tax transferred from Statement of Profit and Loss	13,39,433	27,53,565
Surplus – closing balance	89,45,588	76,06,155
	1,08,62,473	88,86,109

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	–	5,77,313
	–	5,77,313

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	–	9,27,973
Other liabilities		
Provision for expenses	1,86,620	–
Withholding and other taxes payable	2,23,604	51,61,250
Other payables [1]	36,35,401	–
	40,45,625	60,89,223
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.13)*	36,35,401	–

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Income taxes (net of advance tax and TDS)	–	18,66,991
	–	18,66,991

2.6 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	1,54,617	1,70,144

2.7 Trade receivables [1]

in ₹

Particulars	As at December 31,	
	2015	2014
Other debts		
Unsecured		
Considered good	–	1,01,02,436
	–	1,01,02,436
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.13)*	–	1,01,02,436

2.8 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current accounts	1,90,95,716	98,98,008
	1,90,95,716	98,98,008

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
UBS AG (CHF)	1,84,29,216	98,98,008
Deutsche Bank (CHF)	6,66,500	–
Total cash and cash equivalents as per Balance Sheet	1,90,95,716	98,98,008

2.9 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Advance income taxes (net of provisions)	5,83,778	248
Withholding and other taxes receivable	3,604	9,426
Others	–	21,84,518
	5,87,382	21,94,192

2.10 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	–	737
Miscellaneous income, net	10,12,440	10,924
Gains / (losses) on foreign currency, net	(327)	(916)
	10,12,113	10,745

2.11 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	–	2,50,81,338
	–	2,50,81,338

Particulars	Year ended December 31,	
	2015	2014
Communication expenses		
Telephone charges	5,562	2,71,193
	5,562	2,71,193
Other expenses		
Office maintenance	–	571
Rent	1,54,617	1,70,144
Bank charges	62,304	63,886
Miscellaneous	57,386	21,902
	2,74,307	2,56,503

2.12 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	(10,79,036)	9,23,417
	(10,79,036)	9,23,417

2.13 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	UK
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd. (8)	Canada

Name of fellow subsidiaries	Country
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	1,01,00,952
Lodestone Management Consultants Sp. z o.o.	–	1,484
Total	–	1,01,02,436
Other payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	36,35,401	–
Total	36,35,401	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31,2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants Sp. z o.o.	2,581	35,158
Sale of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	3,27,05,610

2.14 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Infosys Consulting S.R.L.

(formerly Lodestone Management Consultants S.R.L.)

Independent Auditor's report

To the Members of Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	7,43,28,400	5,51,58,400
Reserves and surplus	2.2	(5,39,31,004)	(4,45,89,635)
		2,03,97,396	1,05,68,765
CURRENT LIABILITIES			
Trade payables	2.3	1,25,82,856	72,72,413
Other current liabilities	2.4	1,60,54,641	1,08,68,462
Short-term provisions	2.5	61,94,162	71,94,210
		3,48,31,659	2,53,35,085
		5,52,29,055	3,59,03,850
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	19,45,491	9,51,181
		19,45,491	9,51,181
Long-term loans and advances	2.7	–	11,72,693
		19,45,491	21,23,874
CURRENT ASSETS			
Trade receivables	2.9	3,87,16,034	1,74,84,437
Cash and cash equivalents	2.10	15,04,446	54,09,379
Short-term loans and advances	2.11	1,30,63,084	1,08,86,160
		5,32,83,564	3,37,79,976
		5,52,29,055	3,59,03,850
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of Board of Directors of Infosys Consulting S.R.L.
(formerly Lodestone Management Consultants S.R.L.)

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and loss

in ₹, except per share data

Particulars	Note	Year Ended December 31,	
		2015	2014
Income from consultancy services		16,82,71,770	4,65,34,064
Other income	2.12	12,92,935	15,44,821
Total revenue		16,95,64,705	4,80,78,885
Expenses			
Employee benefit expenses	2.13	10,86,01,930	5,11,09,145
Cost of technical sub-contractors	2.13	2,07,61,911	1,11,93,197
Travelling and conveyance	2.13	1,33,85,080	49,90,599
Cost of software packages and others	2.13	–	–
Communication Charges		7,63,834	2,49,029
Consultancy and Professional Charges		1,12,48,195	54,12,484
Depreciation and amortisation expenses	2.6	13,03,495	3,19,421
Other expenses	2.13	1,31,97,846	1,05,33,389
Total expenses		16,92,62,291	8,38,07,264
PROFIT / (LOSS) BEFORE TAX		3,02,414	(3,57,28,379)
Tax expense:			
Current tax	2.14	8,49,444	7,20,846
Deferred tax	2.14	–	–
PROFIT / (LOSS) FOR THE YEAR		(5,47,030)	(3,64,49,225)
LOSS PER EQUITY SHARE			
Shares of ARS 100/- par value each			
Basic and diluted		(6.68)	(862.54)
Number of shares used in computing earnings per share			
Basic and diluted		81,850	42,258
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of Board of Directors of Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Cash Flow Statement		Year Ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,02,414	(3,57,28,379)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expense		13,03,495	3,19,421
Provision for post-sales client support and warranties		(61,643)	1,48,878
Effect of exchange differences on translation of assets and liabilities		(79,90,494)	(38,15,124)
Changes in assets and liabilities			
Trade receivables		(2,12,31,597)	(29,44,750)
Loans and advances and other assets		(21,76,924)	36,50,582
Liabilities and provisions		1,17,76,935	1,61,84,687
		(1,80,77,814)	(2,21,84,685)
Income taxes paid		(18,95,469)	6,08,378
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,99,73,283)	(2,15,76,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(31,01,650)	(7,60,306)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(31,01,650)	(7,60,306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		1,91,70,000	2,38,10,400
NET CASH USED IN FINANCING ACTIVITIES		1,91,70,000	2,38,10,400
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(39,04,933)	14,73,787
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		54,09,379	39,35,592
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		15,04,446	54,09,379
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)

Martin De Pablo
Director

Significant accounting policies and notes on accounts

Company overview

Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ('the Company') is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act 2013 ('Act') read with Rule 7 of the Companies(Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the terms of the contract. At each year end revenue from unbilled services provided are included within accrued income and any amounts invoiced in advance are deferred to the accounting period when those services will be provided.

The stage of completion is determined on the basis of the actual completion of a proportion of the total services to be rendered. An expected loss on a contract is recognized immediately in the profit and loss account.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

Computer equipment	2-5 years
Furniture and fixtures	5 years

1.11 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation under project unit cost method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and non-monetary liabilities and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.16 Cash flow statement

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

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Authorized		
88,600 (61,600) equity shares of ARS 100/- par value	7,43,28,400	5,51,58,400
Issued, subscribed and paid-up		
88,600 (61,600) equity shares of ARS 100/- par value	7,43,28,400	5,51,58,400
	7,43,28,400	5,51,58,400

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

Name of the shareholder		As at December 31, 2015		As at December 31, 2014	
		No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG	Holding Company	88,600	100	61,600	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is set out below:

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	61,600	5,51,58,400	29,000	3,13,48,000
Add : Shares issued	27,000	1,91,70,000	32,600	2,38,10,400
Number of shares at the end of the period	88,600	7,43,28,400	61,600	5,51,58,400

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	(72,73,310)	(33,22,548)
Add : Foreign currency translation during the year	(87,94,339)	(39,50,762)
Foreign currency translation reserve – closing balance	(1,60,67,649)	(72,73,310)
Surplus – opening balance	(3,73,16,325)	(8,67,100)
Add : Net profit after tax transferred from Statement of Profit and Loss	(5,47,030)	(3,64,49,225)
Surplus – closing balance	(3,78,63,355)	(3,73,16,325)
	(5,39,31,004)	(4,45,89,635)

2.3 Trade payables [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	1,25,82,856	72,72,413
	1,25,82,856	72,72,413
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	1,19,82,491	55,74,139

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	1,469	–
Bonus and incentives	53,18,457	37,09,624
Unearned revenue	66,35,997	13,503
Other liabilities		
Provision for expenses	16,15,111	25,05,420
Withholding and other taxes payable	24,18,129	45,28,651
Other payables	65,478	1,11,264
	1,60,54,641	1,08,68,462

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated Benefits	58,25,936	45,15,429
Other Provisions		
Provision for		
Tax on dividend	–	–
Income taxes (net of advance tax and tax deducted at source)	3,08,580	25,27,298
Post-sales client support and warranties and other provisions	59,646	1,51,483
	61,94,162	71,94,210

The movement in provision for post-sales client support and warranties is as follows:

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	1,51,483	–
Provision recognized (reversal)	(61,643)	1,48,878
Provision utilized	–	–
Exchange difference during the period	(30,194)	2,605
Balance at the end	59,646	1,51,483

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2015:

in ₹, except as otherwise stated

Particulars	Computer equipment	Furniture and Fixtures	Total
Original cost			
As at January 1, 2015	13,12,354	64,035	13,76,389
Additions / adjustments during the period	19,26,772	11,74,878	31,01,650
Deductions / retirement during the period	(9,86,953)	(3,06,101)	(12,93,054)
As at December 31, 2015	22,52,173	9,32,812	31,84,985
Depreciation and amortization			
As at January 1, 2015	4,17,416	7,792	4,25,208
For the period	9,66,131	3,37,364	13,03,495
Deductions / adjustments during the period	(4,04,409)	(84,800)	(4,89,209)
As at December 31, 2015	9,79,138	2,60,356	12,39,494
Net book value			
As at December 31, 2015	12,73,035	6,72,456	19,45,491

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Computer equipment	Furniture and Fixtures	Total
Original cost			
As at January 1, 2014	7,63,560	9,803	7,73,363
Additions / adjustments during the period	7,04,081	56,225	7,60,306
Deductions / retirement during the period	(1,55,287)	(1,993)	(1,57,280)
As at December 31, 2014	13,12,354	64,035	13,76,389
Depreciation and amortization			
As at January 1, 2014	1,27,102	327	1,27,429
For the period	3,13,628	5,793	3,19,421
Deductions / adjustments during the period	(23,314)	1,672	(21,642)
As at December 31, 2014	4,17,416	7,792	4,25,208
Net book value			
As at December 31, 2014	8,94,938	56,243	9,51,181

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of computers required a change from the previous estimates.

2.7 Long-term loans and advances

in ₹

Particulars	Year ended December 31,	
	2015	2014
Unsecured, considered good		
Advance income taxes	–	11,72,693
	–	11,72,693

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	88,04,243	44,69,962

Particulars	As at December 31,	
	2015	2014
Lease obligations payable		
Within one year of the Balance Sheet date	1,25,75,693	38,88,562
Due in a period between one year and five years	1,08,29,069	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of five years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Unsecured		
Considered good[(1)]	3,87,16,034	1,74,84,437
	3,87,16,034	1,74,84,437
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	1,36,13,365	11,48,515

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	55,917	83,161
Balances with banks		
In current and deposit accounts	14,48,529	53,26,218
	15,04,446	54,09,379

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Bank - Banco Santander Rio ARS	14,48,529	53,26,218
In current accounts	14,48,529	53,26,218

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	–	70,272
Withholding and other taxes receivable	44,73,251	64,28,512
Others [(1)]	21,00,555	4,37,079
	65,73,806	69,35,863
Unbilled revenues	51,84,096	37,33,897
Loans and advances to employees		
Salary advances	5,91,213	72,760
Security deposits	2,69,086	–
Rental deposits	4,44,883	1,43,640
	1,30,63,084	1,08,86,160
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	8,82,701	–

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Gains / (losses) on foreign currency, net	12,92,935	15,44,821
	12,92,935	15,44,821

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	10,84,41,037	5,10,87,754
Staff welfare	1,60,893	21,391
	10,86,01,930	5,11,09,145
Cost of technical sub-contractors		
Technical sub-contractors – related parties	32,92,961	53,70,793
Technical sub-contractors – others	1,74,68,950	58,22,404
	2,07,61,911	1,11,93,197
Travel expenses		
Travelling and conveyance	1,33,85,080	49,90,599
	1,33,85,080	49,90,599
Communication expenses		
Telephone charges	7,63,834	2,49,029
Communication expenses	–	–
	7,63,834	2,49,029
Other expenses		
Rent	88,04,243	44,69,962
Rates and taxes, excluding taxes on income	39,689	5,15,210
Computer maintenance	4,32,440	2,30,382
Insurance charges	2,58,709	1,17,089
Provision for post-sales client support and warranties	(61,643)	1,48,878
Bad debts written off	–	23,73,384
Statutory audit fees	–	2,23,590
Bank charges and commission	20,36,957	9,74,837
Miscellaneous	16,87,451	14,80,057
	1,31,97,846	1,05,33,389

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	8,49,444	7,20,846
Deferred taxes	–	–
	8,49,444	7,20,846

2.15 Quantitative details

The Company is primarily engaged in the professional management consultancy services. The production and sale of such consultancy services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited[(1)]	India

[(1)] *Holding of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2) (6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infosys Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	UK
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Canada Public Services Ltd. (8)	Canada
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Related party transactions:

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,36,13,365	11,48,515
Total	1,36,13,365	11,48,515
Other receivables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	8,82,701	–
Total	8,82,701	–
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	34,76,797	55,74,139
Lodestone Management Consultants Ltda.	80,112	–
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	84,25,582	–
Total	1,19,82,491	55,74,139

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Capital Contribution by parent		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	1,91,70,000	2,38,10,400
Total	1,91,70,000	2,38,10,400

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions		
Sale of services		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	–	56,32,193
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,89,36,610	
Total	1,89,36,610	56,32,193
Purchase of services and shared services, including facilities and personnel		
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)*	32,14,557	53,70,793
Lodestone Management Consultants Ltda.	78,404	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	46,26,421	–
Total	79,19,382	53,70,793

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Infosys BPO Limited

Independent Auditor's Report

To the Members of Infosys BPO Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys BPO Limited ('the Company'), which comprise the Balance Sheet as at March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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 the paragraph 3 and 4 of the Order.
2. 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 purposes 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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

(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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 2.19 to the financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer to Note 2.6 to the financial statements;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Infosys BPO Limited ('the Company') on the standalone financial statements for the year ended 31 March 2016, 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 fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a service company, primarily rendering business process management services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.

(iv) During the year, the Company has not advances any loan to which the provisions of section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provision of section 186 of the Act has been complied with.

(v) The Company has not accepted any deposits from the public.

(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, employees' state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of sales tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Interest/ Tax Demands	4,502,275	AY 2006 - 07	Income Tax Appellate Tribunal
Income tax Act, 1961	Tax Demands	3,178,238	AY 2011 – 12	Deputy Commissioner of Income Tax
Finance Act, 1994	Service tax demands / penalty	759,657,948#	April 2007 to September 2010	Central Excise, Service Tax Appellate Tribunal-Bangalore
Finance Act, 1994	Service tax demands / penalty	110,820,080#	January 2005 to March 2007	Central Excise, Service Tax Appellate Tribunal-Bangalore
Finance Act, 1994	Service tax demands / penalty	76,420,315#	October 2010 to September 2011	Central Excise, Service Tax Appellate Tribunal-Bangalore
RVAT Act	Value Added Tax	46,645	FY 2011 – 12	Commercial tax officer, Jaipur

 # a stay order has been received against the amount disputed and not deposited.

(viii) The Company does not have any loans or borrowings from financial institutions, banks, government or debenture holders during the year. Hence, paragraph 3(viii) of the order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, 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, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the 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 shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the order is not applicable.

(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 & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: April 12, 2016

Annexure – B to the Independent Auditors' 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 Infosys BPO Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone 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 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 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 financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP). A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 2016, 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 issued by the Institute of Chartered Accountants of India.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

Balance Sheet

in ₹ crore

Particulars	Note	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	3,441	2,871
		3,475	2,905
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	21	21
		21	21
CURRENT LIABILITIES			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.4	18	20
Other current liabilities	2.5	358	285
Short-term provisions	2.6	93	105
		469	410
		3,965	3,336
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	241	223
Intangible assets	2.7	19	19
Capital work-in-progress		16	7
		276	249
Non-current investments	2.8	590	594
Deferred tax assets	2.9	41	41
Long-term loans and advances	2.10	114	100
Other non-current assets	2.11	1	1
		746	736
CURRENT ASSETS			
Current investments	2.8	21	123
Trade receivables	2.12	490	462
Cash and cash equivalents	2.13	2,186	1,580
Short-term loans and advances	2.14	246	186
		2,943	2,351
		3,965	3,336
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

for and on behalf of the Board of Directors of Infosys BPO Limited

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Statement of Profit and Loss

in ₹ crore, except share and per equity share data

Particulars	Note	Year ended March 31,	
		2016	2015
INCOME			
Revenues from business process management services		2,849	2,510
Other income	2.15	201	191
Total revenue		3,050	2,701
EXPENSES			
Employee benefit expenses	2.16	1,648	1,425
Cost of technical sub-contractors	2.16	136	166
Travel expenses	2.16	117	110
Cost of software packages	2.16	33	20
Communication expenses	2.16	51	46
Professional charges	2.16	43	19
Office expenses	2.16	64	28
Power and fuel	2.16	26	24
Insurance charges	2.16	9	9
Rent	2.16	75	68
Depreciation and amortization expense	2.7	62	50
Other expenses	2.16	31	48
Total expenses		2,295	2,013
PROFIT BEFORE TAX		755	688
Tax expense			
Current tax	2.17	184	167
Deferred tax	2.17	1	1
		185	168
PROFIT FOR THE YEAR		570	520
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹10/- each			
Basic		168.46	153.64
Diluted		168.46	153.64
Weighted average number of shares used in computing earnings per share	2.30		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number : 101248W/W-100022

for and on behalf of the Board of Directors of Infosys BPO Limited

Supreet Sachdev
Partner
Membership number : 205385

U. B. Pravin Rao
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Managing Director and Chief Executive Officer

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Director

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Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place : Bangalore
Date : April 12, 2016

Cash Flow Statement

in ₹ crore

Cash Flow Statement	Year ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	755	688
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation	62	50
Interest and dividend income	(167)	(138)
Non-cash item included in other income (*Refer to Note 2.15*)	–	3
Profit on sale of investments	(3)	(4)
Profit on sale of fixed assets	–	(1)
Fixed assets written off	–	(24)
Provision for doubtful debts	(8)	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Changes in assets and liabilities		
Trade receivables	(20)	(71)
Loans and advances and other assets	(20)	(21)
Liabilities and provisions	53	(105)
	652	377
Income tax paid during the year, net	(184)	(157)
NET CASH GENERATED BY OPERATING ACTIVITIES	468	220
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(86)	(60)
Proceeds from sale of fixed assets	–	2
Interest received	115	122
Dividend received from mutual fund	–	13
Investment in liquid mutual funds units	(889)	(747)
Disposal of liquid mutual funds units	999	856
Investment in government bonds	(1)	(1)
Redemption in certificate of deposit	–	47
Dividend received from subsidiary	–	24
NET CASH FLOW FROM INVESTING ACTIVITIES	138	256
CASH FLOWS FROM FINANCING ACTIVITIES	–	–
NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	606	476
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,580	1,104
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (*Refer Note 2.13*)	2,186	1,580
SIGNIFICANT ACCOUNTING POLICIES 1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

for and on behalf of the Board of Directors of Infosys BPO Limited

U. B. Pravin Rao
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Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place : Bangalore
Date : April 12, 2016

Significant accounting policies

Company overview

Infosys BPO Limited ('Infosys BPO' or 'the Company') was incorporated on April 3, 2002, to provide business process management services to organizations that outsource their business processes. Infosys BPO is a majority-owned and controlled subsidiary of Infosys Limited. The Company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revised one requires a change in the accounting policy hitherto in use.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amount of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change periodically. Actual results could differ from those estimates. Appropriate changes in estimates are made based on changes in circumstances surrounding the estimates and are reflected with material effects, if any, in the financial statements.

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services, either on a time-and-material, fixed-price, fixed-timeframe or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to the measurement and collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue, while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from customer.

The Company presents revenues, net of indirect taxes, in its Statement of Profit and Loss.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment, if any. Direct costs are capitalized until the assets are ready for use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Intangible assets including goodwill

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill, recorded on amalgamation in the nature of purchase, is tested periodically for impairment.

1.6 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as estimated by the Management. Depreciation for assets purchased / sold during the period is proportionately charged. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful life for the other fixed assets as follows :

Buildings(1)	22-25 years
Computer equipment(1)	3-5 years
Plant and machinery	5 years
Furniture and fixtures(1)	5 years
Office equipment	5 years

(1) *For these class of assets, based on internal assessment and independent technical evaluation, carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from those prescribed under Part C of Schedule II of Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (*Refer to Note 2.7*)

1.7 Retirement benefits to employees

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPO Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India. The Company recognizes the net obligation of the Gratuity Plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS)15, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes for the superannuation benefits of the employees. It has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by an actuarial valuation using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.8 Foreign currency transactions

Foreign-currency-denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.9 Forward contracts and option contracts in foreign currencies

The Company uses foreign exchange forward and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward and option contracts reduces the potential risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Effective April 1, 2008, the Company adopted the principle of Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement', to the extent that the adoption did not conflict with existing mandatory accounting standards and other authoritative pronouncements of the Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The Company records the mark-to-market gain or loss on effective hedges in the cash flow hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, the Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently, whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, or where the hedge is ineffective a gain or loss is recognized in the Statement of Profit and Loss.

1.10 Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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 Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company offsets, on a yearly basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in a situation where unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in a situation where unabsorbed depreciation and carry forward business losses are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.11 Provisions and contingent liability

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.12 Onerous Contract

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

1.13 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.14 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

1.15 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

Long-term investments, which are expected to be realized within 12 months after the reporting date, are presented under 'current assets' as 'current investment'.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash-on-deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

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

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes to accounts for the year ended March 31, 2016

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. All exact amounts are stated with suffix '/-'. One crore equals 10 million.

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2016	2015
AUTHORIZED		
Equity shares, ₹10/- (₹10/-) par value	123	123
12,33,75,000 (12,33,75,000) equity shares		
	123	123
ISSUED, SUBSCRIBED AND PAID-UP		
Equity shares, ₹10/- (₹10/-) par value(1)		
3,38,27,751 (3,38,27,751) equity shares fully paid-up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding company, Infosys Limited]		
	34	34

(1) *Refer to Note 2.30 for details of basic and diluted shares*

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of one equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

Reconciliation of the number of shares outstanding

in ₹ crore

Particulars	As at March 31,			
	2016		2015	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	3,38,27,751	34	3,38,27,751	34
Add: Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	3,38,27,751	34	3,38,27,751	34

Shares held by shareholders holding more than 5% shares

in ₹ crore

Name of the shareholder	As at March 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Infosys Limited, the holding company	3,38,22,319	99.98	3,38,22,319	99.98

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last five years.

2.2 Reserves and surplus

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Securities premium account – opening balance	25	25
Add: Transferred from surplus	–	–
	25	25
Capital redemption reserve – opening balance	1	1
Add: Transferred from surplus	–	–
	1	1
General reserve – opening balance	1,000	1,000
Add: Transferred from surplus	–	–
	1,000	1,000
Surplus – opening balance	1,845	1,325
Add: Net profit after tax transferred from Statement of Profit and Loss	570	520
Less: Amount transferred to general reserve	–	–
	2,415	1,845
	3,441	2,871

2.3 Other long-term liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Rental deposit received from holding company (*Refer to Note 2.24*)	21	21
	21	21

2.4 Trade payables

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises [(1)]	18	20
	18	20
[(1)] *Includes dues to subsidiaries and other group companies (Refer to Note 2.24)*	7	12

The Company has no dues to micro and small enterprises during the year ended March 31, 2016 and March 31, 2015.

2.5 other current liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Accrued salaries and benefits		
Salaries	57	51
Bonus and incentives	84	81
Other liabilities		
Provision for expenses [(1)]	123	116
Retention money payable	–	1
Withholding and other taxes	40	27
Advances received from customers	1	1
Unearned revenue	39	5
Other payables [(1)]	14	3
	358	285
[(1)] *Includes dues to holding and other group companies (Refer to Note 2.24)*	1	4
[(2)] *Includes dues to holding company (refer to note 2.24)*	11	1

2.6 Short-term provisions

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Provision for employee benefits		
Compensated absence	59	50
Other provisions		
Income taxes (net of advance tax and Tax deducted at source)	1	1
Post-sales customer support and service level agreement	33	54
	93	105

Post-sales customer support and service level agreement

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Balance at the beginning	54	32
Provision recognized / (reversal)	17	31
Provisions utilized	(40)	(7)
Exchange difference during the year	2	(2)
Balance at the end	33	54

Provisions for SLA compliance and other provisions are expected to be utilized over a period of six months to one year.

2.7 Fixed assets

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows :

in ₹ crore

Particulars	Tangible assets								Intangible assets		Total
	Land leasehold	Buildings	Leasehold improvement	Office equipment	Plant and equipment	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost											
As at April 1, 2015	12	148	67	119	31	192	59	628	19	19	647
Additions / adjustments during the year	–	4	4	4	12	53	3	80	–	–	80
Deductions / retirement during the year	–	–	–	(3)	–	(8)	(1)	(12)	–	–	(12)
As at March 31, 2016	12	152	71	120	43	237	61	696	19	19	715
Depreciation and amortization											
As at April 1, 2015	1	45	44	105	16	145	49	405	–	–	405
For the year	–	5	10	7	6	29	5	62	–	–	62
Deductions / adjustments during the year	–	–	–	(3)	–	(8)	(1)	(12)	–	–	(12)
As at March 31, 2016	1	50	54	109	22	166	53	455	–	–	455
Net book value											
As at March 31, 2016	11	102	17	11	21	71	8	241	19	19	260

The changes in the carrying value of fixed assets for the year ended March 31, 2015 are as follows:

in ₹ crore

Particulars	Tangible assets								Intangible assets		Total
	Land leasehold	Buildings	Leasehold improvement	Office equipment	Plant and equipment	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost											
As at April 1, 2014	12	148	66	125	24	177	57	609	19	19	628
Additions / adjustments during the year	–	–	11	4	7	31	5	58	–	–	58
Deductions / retirement during the year	–	–	(10)	(10)	–	(16)	(3)	(39)	–	–	(39)
As at March 31, 2015	12	148	67	119	31	192	59	628	19	19	647
Depreciation and amortization											
As at April 1, 2014	1	40	45	107	11	141	47	392	–	–	392
For the year	–	5	9	8	5	18	5	50	–	–	50
Deductions / adjustments during the year	–	–	(10)	(10)	–	(14)	(3)	(37)	–	–	(37)
As at March 31, 2015	1	45	44	105	16	145	49	405	–	–	405
Net book value											
As at March 31, 2015	11	103	23	14	15	47	10	223	19	19	242

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, had changed the useful life of certain assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets have been changed from the previous estimates.

The rental income from the leasing of certain assets to subsidiaries for the year ended March 31, 2016 amounted to ₹9 crore (₹9 crore for the year ended March 31, 2015).

2.8 Investments

in ₹ crore except as otherwise stated

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current investments		
Long term investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)*	3	3
Infosys Poland Sp.z.o.o *(formerly Infosys BPO Poland Sp.z.o.o)*		
5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Portland Group Pty Limited, 174,50,000 (174,50,000) equity shares	211	211
Infosys McCamish Systems LLC	317	317
Others (quoted)		
Investment in government bonds[(1)]	–	4
Total non-current investments	590	594
Current portion of long-term investments		
Quoted		
Investment in Fixed Maturity Plans (FMP) (*Refer to Note 2.8.2*)	–	30
	–	30
Current investments – at the lower of cost and fair value		
Quoted		
Investment in Government bonds[(1)]	5	–
Unquoted	–	–
Investment in liquid mutual fund units (*Refer to Note 2.8.1*)	16	93
Total current investments	21	93
Aggregate amount of quoted investments	5	30
Market value of quoted investments	5	36
Aggregate amount of unquoted investments	606	687

(1) *Investment in government bonds listed on the Philippines Dealing and Exchange Corp. (PDEX) as per the statutory earmarking requirement of the Philippines Government.*

Profit on sale of investment is ₹3 crore for the year ended March 31, 2016 and ₹4 crore for the year ended March 31, 2015.

2.8.1 Details of investments in liquid mutual funds

The details of investments in liquid mutual funds as at March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	March 31, 2016 Units	March 31, 2016 Amount	March 31, 2015 Units	March 31, 2015 Amount
Birla Sun Life AMC Ltd – Liquid Plus	–	–	47,37,327	48
ICICI Prudential Liquid Plan	16,07,064	16	0	–
Reliance Mutual Fund – Liquid	–	–	4,08,049	45
	16,07,064	16	51,45,376	93

2.8.2 Details of investments in FMP mutual funds

Details of investments in FMP mutual funds as at March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	March 31, 2016 Units	March 31, 2016 Amount	March 31, 2015 Units	March 31, 2015 Amount
SBI Debt Fund-FMP	–	–	2,00,00,000	20
UTI – FMP	–	–	1,00,00,000	10
	–	–	3,00,00,000	30

2.9 Deferred tax assets

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax assets		
Fixed assets	17	19
Unavailed leave	17	12
Trade receivables	5	6
Others	2	4
	41	41

Deferred tax assets and liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

2.10 Long-term loans and advances

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured considered good		
Capital advances	1	–
Other loans and advances		
Rental deposits [(1)]	58	47
Security deposits	2	1
Advance income taxes (net of provision)	53	52
	114	100
(1) *Includes dues from holding company (Refer to Note 2.24)*	27	27

2.11 Other non-current assets

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Others		
Advance to gratuity trust (*Refer to Note 2.26*)	1	1
	1	1

2.12 Trade receivables

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5	11
Less: Provision for doubtful debts	5	11
	–	–
Other debts		
Unsecured		
Considered good [(1)]	490	462
Considered doubtful	5	7

Particulars	As at March 31, 2016	As at March 31, 2015
	495	469
Less: Provision for doubtful debts	5	7
	490	462
(1) *Includes dues from subsidiaries, holding company and other group companies (Refer to Note 2.24)*	43	10

2.13 Cash and cash equivalents

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Cash on hand	–	–
Balances with banks		
In current and deposit accounts	1,856	1,453
Others		
Deposits with financial institution	330	127
	2,186	1,580
Deposit accounts with more than 12 months maturity	–	–

The deposits maintained by the Company with banks comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
In current accounts		
Bank of America, California, USA	14	9
Bank of America, California – Trust account, U.S. (1)	–	–
Citibank, Manila	1	–
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	2	6
Citi Bank, Singapore	1	1
Citi Bank, Australia	2	1
Citi Bank, Bangalore	–	–
Bank of Philippine Islands	–	–
Deutsche Bank, India	3	1
Deutsche Bank- EEFC (Euro account)	1	1
Deutsche Bank – EEFC (UK Pound Sterling account)	–	–
Deutsche Bank – EEFC (U.S. Dollar account)	1	1
Deutsche Bank, Netherland	2	–
Deutsche Bank, London, UK	–	1
Deutsche Bank, Philippines	1	5
Deutsche Bank, Philippines - USD	1	–
ICICI Bank, India	3	3
ICICI Bank – EEFC (Euro account)	1	–
ICICI Bank – EEFC (UK Pound Sterling account)	–	–
ICICI Bank – EEFC (U.S. Dollar account)	1	2
Royal Bank of Canada	–	–
State Bank of India, India	1	1
	36	33
In deposit accounts		
Andhra Bank	100	74
Axis Bank	170	80
Bank of Baroda	–	80
Bank of India	77	–
Central Bank of India	20	80
Canara Bank	169	80
Corporation Bank	100	80
HDFC Bank limited	150	80
ICICI Bank	271	106
IDBI Bank	150	150
Indian Overseas Bank	250	78
Kotak Mahindra Bank	45	5
Oriental Bank of Commerce	–	80
Punjab National Bank	18	80
Syndicate Bank	16	80
South Indian Bank	23	27
State Bank of India	–	–
Union Bank of India	133	80
Vijaya Bank	104	80
Yes Bank	24	100
	1,820	1,420
Deposits with financial institution		
HDFC Limited	330	127
	330	127
	2,186	1,580

(1) *Represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.*

2.14 Short-term loans and advances

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Prepaid expenses	1	3
For supply of goods and rendering of services	13	11
Withholding and other taxes receivable	28	25
	42	39
Restricted deposits (*Refer to Note 2.31*)	67	59
Unbilled revenue (2)	45	40
Advance income taxes	–	–
Interest accrued but not due	60	9
Loans and advances to employees	19	16
Rental deposits	2	4
Security deposits	1	1
Mark-to-market gain on forward contracts	7	6
Loans and advances to group companies (1)	3	12
	246	186
Unsecured, considered doubtful		
Loans and advances to employees	–	2
	246	188
Less: Provision for doubtful loans and advances	–	2
	246	186
(1) *Includes dues from subsidiaries and holding company (Refer to Note 2.24)*	3	12
(2) *Includes dues from subsidiaries and other group companies (Refer to Note 2.24)*	–	–

2.15 Other income

in ₹ crore

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Interest on deposits with bank and others	162	125
Dividend on investment in mutual fund units	5	13
Gains on sale of investments	3	4
Dividend income from subsidiary	–	24

Particulars	Year ended March 31,	
	2016	2015
Miscellaneous income	11	13
Gain on foreign currency, net	20	12
	201	191

2.16 Expenses

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,561	1,357
Staff welfare	15	1
Contribution to provident and other funds	72	67
	1,648	1,425
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	96	146
Technical sub-contractors – others	40	20
	136	166
Travel expenses		
Overseas travel expenses	81	77
Domestic travel expenses	36	33
	117	110
Cost of software packages		
Cost of software for own use	33	20
	33	20
Communication expenses		
Communication expenses	40	35
Telephone expenses	11	11
	51	46
Professional charges		
Legal and professional	22	10
Recruitment and training	21	9
Auditor's remuneration		
Statutory audit fees	–	–
Out-of-pocket expenses	–	–
	43	19
Office expenses		
Computer maintenance	5	2
Printing and stationery	2	1
Office maintenance	57	25
	64	28
Power and fuel		
Power and fuel	26	24
	26	24
Insurance charges	9	9
	9	9
Rent (*Refer to Note 2.18*)	75	68
	75	68
Other expenses		
Consumables	6	2
Brand building and advertisement	6	4
Marketing expenses	4	4
Rates and taxes	2	2
Contribution to CSR (*Refer to Note 2.32*)	14	11
Bank charges and commission	1	1
Postage and courier	1	2
Provision for doubtful debts	(8)	13
Provision for doubtful loans and advances	3	1
Professional membership and seminar participation fees	1	1
Miscellaneous	1	7
	31	48

2.17 Tax expense

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Current tax		
Income taxes	184	167
MAT credit utilized	–	–
Deferred taxes	1	1
	185	168

During the years ended March 31, 2016 and March 31, 2015, the Company had reversal (net of provisions) of ₹2 crore and additional provision of ₹1 crore, respectively, pertaining to tax relating to prior years.

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the first 10 years from the fiscal year in which the unit commences software development, or March 31, 2011 whichever is earlier. Income from SEZs is fully tax exempt for the first five years, 50% exempt for the next 5 years and 50% exempt for another five years subject to fulfilling certain conditions.

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Lease rentals charged during the year	75	68

in ₹ crore

Lease obligations payable	As at March 31,	
	2016	2015
Within one year of the Balance Sheet date	56	44
Due in a period between one year and five years	120	103
Due after five years	20	6

The operating lease arrangements are renewable on a periodic basis and for most of the leases, extend up to a maximum of 10 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.19 Contingent liabilities and commitments (to the extent not provided for)

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Contingent liabilities		
Claims against the Company not acknowledged as debts [(1)]		
[Net of amount paid to statutory authorities ₹23 crore (₹23 crore)	96	119
Bank guarantees	21	17
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	40	18

(1) *Claims against the Company not acknowledged as debts includes demand from the Indian Income tax authorities for payment of additional tax of ₹19 crore (₹19 crore), including interest of ₹5 crore (₹5 crore) upon completion of their tax review for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2011. These demands to the extent of ₹18 crore were paid to statutory authorities.*

These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and / or 10AA of the Income Tax Act as determined by the ratio of export turnover to total turnover. This disallowance arose mainly from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2007 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The matter for fiscal 2008, fiscal 2009 and fiscal 2011, are pending before the Commissioner of Income tax (Appeals) Bangalore.

The Company is contesting the demand and the Management, including its tax advisors, believes that its position will likely be upheld in the appellate process. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

2.20 Derivative instruments

The details in respect of outstanding foreign exchange forward contracts are as follows :

Particulars	As at March 31,			
	2016		2015	
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts outstanding				
USD / INR	43	285	48	300
EUR / INR	3	19	3	20
GBP / INR	5	50	4	39
AUD / INR	5	25	3	14

As of March 31, 2016 and March 31, 2015, there were no net foreign currency exposures that are not hedged by a derivative instrument or otherwise.

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groups based on the remaining period as of the Balance Sheet date :

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Not later than one month	110	91
Later than one month and not later than three months	129	146
Later than three months and not later than one year	140	136
	379	373

The Company recognized a gain on derivative financial instruments of ₹2 crore and gain on derivative financial instruments of ₹18 crore during the year ended March 31, 2016 and March 31, 2015, respectively, which is included in other income.

2.21 Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.22 Imports (valued on the cost, insurance and freight basis)

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Capital goods	27	11

2.23 Activity in foreign currency

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Earnings in foreign currency		
Business process management services	2,498	2,208
	2,498	2,208
Expenditure in foreign currency		
Overseas salaries and incentives	639	510
Legal, professional and sub-contractors charges	41	72
Overseas travel expenses (including visa charges)	64	60
Other expenses	156	191
	900	834
Net earnings in foreign currency	1,598	1,374

2.24 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31, 2016	Holding as at March 31, 2015
Holding company			
Infosys Limited	India		
Fellow subsidiaries			
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o)	Czech Republic	100%	100%
Infosys Poland Sp.z.o.o *(formerly Infosys BPO Poland Sp.z.o.o)*	Poland	100%	100%
Infosys BPO S. de R. L. de C.V [16]	Mexico	Nil	Nil
Infosys BPO Americas LLC [15]	U.S.	100%	Nil
Infosys McCamish Systems LLC *(formerly McCmish LLC)*	U.S.	100%	100%
Portland Group Pty. Limited	Australia	100%	100%
Portland Procurement Services Pty Ltd [9]	Australia	–	–
Fellow subsidiaries			
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	Mexico		
Infosys Technologies (China) Co. Limited (Infosys China)	China		
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China		
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil		
Infosys Public Services, Inc. (Infosys Public Services)	U.S.		
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden		
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1]	Australia		
Infosys Americas Inc. (Infosys Americas)	U.S.		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland		
Lodestone Management Consultants Inc. [2]	U.S.		
Infosys Management Consulting Pty. Limited *(formerly Lodestone Management Consultants Pty. Limited)* [3]	Australia		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [2]	Switzerland		
Lodestone Augmentis AG [1][3]	Switzerland		
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [1][2]	Switzerland		
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [2]	Germany		
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [2]	Singapore		
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [2]	France		
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [2]	Czech Republic		
Lodestone Management Consultants GmbH [2]	Austria		
Lodestone Management Consultants Co., Ltd. [2]	China		
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [2]	U.K.		
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* [2]	Netherlands		
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* [4]	Brazil		
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* [2]	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda.[2]	Portugal		
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [2]	Romania		
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [2]	Argentina		
Panaya Inc. [5]	U.S.		
Panaya Limited [6]	Israel		
Panaya GmbH [6]	Germany		
Panaya Pty Ltd. [6]	Australia		
Panaya Japan Co. Ltd [6]	Japan		
Infosys Canada Public Services Ltd [7]	Canada		
Infosys Nova Holdings LLC [8]	U.S.		
Skava Systems Pvt. Ltd. (Skava Systems) [11]	India		

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Kallidus Inc. (Kallidus) [12]	U.S.		
Noah Consulting LLC (Noah) [13]	U.S.		
Noah Information Management Consulting Inc. (Noah Canada) [14]	Canada		
Fellow Associate			
DWA Nova LLC [11]	U.S.		

(1) Under liquidation
(2) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(3) Wholly-owned subsidiaries of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(4) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(5) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(6) Wholly-owned subsidiary of Panaya Inc.
(7) Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014
(8) Incorporated effective January 23, 2015
(9) Wholly-owned subsidiary of Portland Group Pty Ltd. liquidated effective May 14, 2014
(10) Associate of Infosys Nova Holdings LLC
(11) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems Pvt. Ltd.
(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.
(13) On November 16, 2015, Infosys acquired 100% of the voting rights in Noah
(14) Wholly-owned subsidiary of Noah
(15) Wholly-owned subsidiary of Infosys BPO. Incorporated effective November 20, 2015
(16) Liquidated effective March 15, 2016

List of other related party

Particulars	Country	Nature of relationship
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO

List of key management personnel

Name of the related party	Designation
S. Gopalakrishnan [1]	Chairman and Director
Anup Uppadhayay [2]	Managing Director and Chief Executive Officer
Gautam Thakkar [3]	Managing Director and Chief Executive Officer
Rajiv Bansal [4][8]	Director
U. B. Pravin Rao [5]	Chairman & Director
Prof. Jayanth R.Varma	Independent Director
Chandrashekar Kakal [6]	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam [7]	Director
Roopa Kudva [9]	Director
Deepak Bhalla [10]	Chief Financial Officer
A. G. S. Manikantha	Company Secretary

(1) Resigned as a Chairman and Director effective October 6, 2014
(2) Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014
(3) Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014
(4) Appointed as a Director effective July 8, 2014
(5) Appointed as a Chairman and Director effective October 7, 2014
(6) Resigned as a Director effective from April 18, 2014
(7) Resigned as a Director effective June 12, 2014
(8) Resigned as a Director effective April 16, 2015
(9) Appointed as a Director effective February 10, 2015
(10) Appointed as a Chief Financial Officer effective December 1, 2014

The details of the related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Revenue transactions:		
Purchase of services		
Infosys Limited	68	81
Portland Group Pty. Limited	12	29
Infosys McCamish Systems LLC	–	–
Lodestone Management Consultants (U.K.)	6	15
Lodestone Management Consultants Pty Limited (Australia)	2	4
Infosys (Czech Republic) Limited s.r.o.	1	–
EdgeVerve Systems Limited	3	9
Infosys Poland Sp.z.o.o	3	6

Particulars	Year ended March 31,	
	2016	2015
Infosys Technologies S.de R.L.de C.V.	1	2
	96	146
Purchase of shared services including facilities and personnel		
Infosys Limited	43	38
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys McCamish Systems LLC	–	–
	43	38
Sale of services		
Infosys Consulting AG	–	–
Infosys BPO, S. de R.L. de C.V	1	–
Infosys Public Services Inc	16	7
Infosys Poland Sp.z.o.o	–	4
Infosys Limited	340	273
EdgeVerve Systems Limited	(2)	–
Portland Group Pty. Limited	6	3
Infosys McCamish Systems LLC	53	30
	414	317
Sale of shared services including facilities and personnel		
Infosys Limited	17	11
Infosys McCamish Systems LLC	12	12
Infosys Poland Sp.z.o.o	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
	29	23
Dividend Income		
Infosys Poland Sp.z.o.o	–	24
	–	24

Details of amounts due to or from related parties as at March 31, 2016 and March 31, 2015 are as follows :

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Trade receivables		
Infosys Limited	32	5
Infosys Poland Sp.z.o.o	–	–
EdgeVerve Systems Limited	1	
Infosys McCamish Systems LLC	5	3
Portland Group Pty Ltd	–	–
Infosys Public Services Inc	5	2
	43	10
Other receivables		
Infosys Limited	2	11
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys McCamish Systems LLC	1	1
EdgeVerve Systems Limited	–	–
	3	12
Unearned revenue		
Infosys Consulting AG	–	–
	–	–
Trade payables		
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Poland Sp.z.o.o	–	3
Lodestone Management Consultants Ltd.(U.K.)	1	1
EdgeVerve Systems Limited	2	5
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	–	1
Portland Group Pty Ltd	4	2
	7	12
Other payables		
Infosys Limited	9	1
Infosys BPO s.r.o	–	–
EdgeVerve Systems Limited	2	–
Infosys Mexico	–	–
	11	1
Provision for expenses		
Infosys Limited	1	1
Infosys McCamish Systems LLC	–	–
EdgeVerve Systems Limited	–	3

Particulars	As at March 31,	
	2016	2015
	1	4
Rental deposit given for shared services		
Infosys Limited	27	27
Rental deposit received for shared services		
Infosys Limited	21	21

The compensation to key managerial personnel comprising directors and executive officers is as follows:

in ₹ crore

Particulars	As at March 31,,	
	2016	2015
Salary and other benefits	4	10
Commission and other benefits to non-executive / independent directors	–	–
	4	10

2.25 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), Manufacturing (MFG), Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL) and Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprises all other places except those mentioned above.

Effective quarter ended December 31, 2015, the Company changed its reportable industry segments based on the Management approach as laid down in AS 17 – Segment reporting, and an additional segment, Life Sciences and Healthcare was identified.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly, these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2016 and *March 31, 2015*

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues from business process management services	816	915	238	106	774	2,849
	734	*802*	*245*	*69*	*660*	*2,510*
Identifiable operating expenses	308	436	101	45	272	1,162
	295	*416*	*96*	*29*	*284*	*1,120*
Allocated expenses	307	344	89	40	291	1,071
	245	*271*	*83*	*23*	*221*	*843*
Segmental operating profit	201	135	48	21	211	616
	194	*115*	*66*	*17*	*155*	*547*
Unallocable expenses						62
						50
Other income						201
						191
Profit before tax						755
						688
Tax expense						185
						168
Profit for the year						570
						520

Geographical segments

Year ended March 31, 2016 and *March 31, 2015*

in ₹ crore

Particulars	North America	Europe	Others	Total
Revenues from business process management services	1,573	785	491	2,849
	1,420	*691*	*399*	*2,510*
Identifiable operating expenses	603	375	184	1,162
	550	*336*	*234*	*1,120*
Allocated expenses	592	295	184	1,071
	478	*232*	*133*	*843*
Segmental operating profit	378	115	123	616
	392	*123*	*32*	*547*
Unallocable expenses				62
				50
Other income				201
				191
Profit before tax				755
				688
Tax expense				185
				168
Profit for the year				570
				520

2.26 Gratuity plan

The status of the Gratuity Plan as required under AS 15 is as follows:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Obligations at year beginning	52	40
Service cost	8	6
Interest cost	4	3
Benefits paid	(7)	(6)
Actuarial (gain) / loss	–	9
Obligations at year end	57	52
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the Company		
Change in plan assets		
Plan assets at beginning, at fair value	53	41
Expected return on plan assets	5	4
Actuarial gain / (loss)	1	(1)
Contributions	6	15
Benefits paid	(7)	(6)
Plan assets at year end, at fair value	58	53

Reconciliation of present value of the obligation and the fair value of the plan assets

in ₹ crore

Particulars	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets at the year end	58	53
Present value of the defined benefit obligations at the period / year end	57	52
Asset / (liability) recognized in the Balance Sheet	1	1
Assumptions		
Interest rate	7.80%	7.80%
Estimated rate of return on plan assets	9.55%	9.55%
Weighted expected rate of salary increase	7.50%	7.50%

Funded status

in ₹ crore

Particulars	As at March 31, 2016	2015	2014	2013	2012
Obligations at year end	57	52	40	37	28
Plan assets at year end, at fair value	58	53	41	37	30
Funded status	1	1	1	–	2
Experience adjustments (Gain) / loss					
Experience adjustments on plan liabilities	–	(7)	(2)	–	–
Experience adjustments on plan assets	1	(1)	–	–	–

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises the following components:

in ₹ crore

Gratuity cost for the year	Year ended March 31, 2016	Year ended March 31, 2015
Service cost	8	6
Interest cost	4	3
Expected return on plan assets	(5)	(4)
Actuarial (gain) / loss	(1)	10
Net gratuity cost	6	15

As at March 31, 2016 and March 31, 2015, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute, approximately ₹17 crore to the gratuity trust during fiscal 2017.

2.27 Provident fund

The Company contributed ₹55 crore towards provident fund during year ended March 31, 2016 (₹49 crore during the year ended March 31, 2015).

2.28 Superannuation

The Company contributed ₹3 crore to the superannuation trust during the year ended March 31, 2016 (less than ₹1 crore each during the year ended March 31, 2015).

2.29 Pension fund

The Company contributed ₹9 crore and ₹8 crore to pension funds during the year ended March 31, 2016 and March 31, 2015, respectively.

2.30 Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	Year ended March 31,	
	2016	2015
Number of shares considered as basic weighted average shares outstanding	3,38,27,751	3,38,27,751
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	3,38,27,751	3,38,27,751

2.31 Restricted deposits

Restricted deposit as at March 31, 2016, comprises ₹67 crore (₹59 crore as at March 31,2015) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business.

2.32 Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013

Gross amount required to be spent by the Company during the year is ₹14 crore. The details are as follows:

in ₹ crore

Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction / acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	14	–	14

2.33 Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Income from business process management services	2,849	2,510
Cost of revenue	1,851	1,652
GROSS PROFIT	998	858
Selling and marketing expenses	130	106
General and administration expenses	252	205
	382	311
OPERATING PROFIT BEFORE DEPRECIATION	616	547
Depreciation and amortization expense	62	50
OPERATING PROFIT	554	497
Other income, net	201	191
PROFIT BEFORE TAX	755	688
Tax expense		
Current tax	184	167
Deferred tax	1	1
PROFIT FOR THE YEAR	570	520

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

for and on behalf of the Board of Directors of Infosys BPO Limited

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place : Bangalore
Date : April 12, 2016

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EdgeVerve Systems Limited

Independent Auditors' Report

To the Members of EdgeVerve Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of EdgeVerve Systems Limited ('the Company'), which comprise theBalance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 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 financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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 the paragraph 3 and 4 of the Order, to the extent applicable.

2.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 purposes 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, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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

(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 as on 31 March 2016 which would impact its financial position;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 2.8 to the standalone financial statements;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of EdgeVerve Systems Limited ('the Company') on the standalone financial statements for the year ended March 31, 2016, 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 fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not own any immovable properties. Thus, paragraph 3(i)(c) of the Order is not applicable.

(ii) The Company is a service company, primarily engaged in the business of sale of software licenses and related software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii)(a) to (c) of the Order is not applicable.

(iv) The Company has not advanced any loan, including any loan represented by book debt to any of its Directors or to any other person in whom the director is interested or not given any guarantee or not provided any security in connection with any loan taken by him or such person. The Company has not made investment through more than two layers of investment companies. Also the Company has not given loan, guarantee or provide security in connection with a loan, whether directly or indirectly to any person or other body corporate. Thus paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(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, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, service tax and value added tax which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders. The Company does not have any outstanding dues from any financial institution or banks during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, 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, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations give 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 shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(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 & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

Annexure – B to the Independent Auditors' 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 EdgeVerve Systems Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone 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 (the "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 Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the 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.

Annexure – B to the Independent Auditors' Report (Continued)

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 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 (3) 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 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 2016, 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 the ICAI.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : April 12, 2016

Balance Sheet

in ₹

Particulars	Note	As at March 31,	
		2016	2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	13,11,84,00,000	4,61,84,00,000
Reserves and surplus	2.2	(1,60,35,00,819)	(70,50,27,449)
		11,51,48,99,181	3,91,33,72,551
NON-CURRENT LIABILITIES			
Deferred tax liabilities (net)	2.3	–	–
Long-term borrowings	2.4	25,49,00,00,000	–
Other long-term liabilities	2.5	–	6,48,29,041
		25,49,00,00,000	6,48,29,041
CURRENT LIABILITIES			
Trade payables	2.6		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		25,78,870	17,40,90,152
Other current liabilities	2.7	2,83,05,54,950	30,64,48,079
Short-term provisions	2.8	20,82,66,535	1,79,20,086
Short-term borrowings	2.9	–	18,04,77,444
		3,04,14,00,355	67,89,35,761
		40,04,62,99,536	4,65,71,37,353
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.10	39,23,76,019	8,84,53,646
Intangible assets	2.10	31,12,90,47,060	3,71,19,79,532
Capital work-in-progress		6,39,379	–
		31,52,20,62,458	3,80,04,33,178
Deferred tax assets (net)	2.3	4,09,00,000	–
Long-term loans and advances	2.11	99,15,89,522	9,10,17,773
Other non-current assets	2.12	73,01,641	–
		32,56,18,53,621	3,89,14,50,951
CURRENT ASSETS			
Current investments	2.13	31,68,81,609	–
Trade receivables	2.14	3,51,61,12,683	4,43,35,436
Cash and cash equivalents	2.15	27,17,04,961	9,79,90,059
Short-term loans and advances	2.16	3,37,97,46,662	62,33,60,907
		7,48,44,45,915	76,56,86,402
		40,04,62,99,536	4,65,71,37,353
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Sanjay Purohit
Director

Srinivasan Rajam
Director

Roopa Kudva
Director

Jonathan Heller
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Place : Bangalore
Date : April 12, 2016

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Income from software products, platforms and services	2.18	15,32,96,17,831	1,47,73,43,061
Other income	2.19	5,85,66,175	6,72,846
Total revenue		15,38,81,84,006	1,47,80,15,907
Expenses			
Employee benefit expenses	2.20	7,02,21,60,082	62,94,34,139
Cost of technical sub-contractors	2.20	1,02,52,04,543	47,20,95,211
Travel expenses	2.20	75,46,58,373	4,45,98,350
Cost of software packages and others	2.20	1,60,58,44,547	29,94,33,987
Communication expenses	2.20	3,72,64,539	1,75,06,436
Professional charges		62,38,75,363	7,53,53,508
Depreciation and amortisation expense		3,21,97,14,802	44,71,50,933
Finance cost		62,31,99,596	–
Other expenses	2.20	1,06,92,88,531	19,74,70,792
Total expenses		15,98,12,10,376	2,18,30,43,356
LOSS BEFORE TAX		(59,30,26,370)	(70,50,27,449)
Tax expense:			
Current tax	2.21	34,63,47,000	–
Deferred tax	2.21	(4,09,00,000)	–
LOSS FOR THE YEAR		(89,84,73,370)	(70,50,27,449)
LOSS PER EQUITY SHARE			
Equity shares of par value ₹10/- each			
Basic		(1.30)	(3.39)
Diluted		(1.30)	(3.39)
Number of shares used in computing earnings per share	2.31		
Basic		69,17,58,033	20,78,96,740
Diluted		69,17,58,033	20,78,96,740
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
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Firm's registration number : 101248W/W-100022

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Director

Jonathan Heller
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Place : Bangalore
Date : April 12, 2016

Cash Flow Statement

in ₹

Particulars	Note	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(59,30,26,370)	(70,50,27,449)
Adjustments to reconcile loss before tax to cash generated by operating activities			
Depreciation and amortisation expense		3,21,97,14,802	44,71,50,933
Interest income		(1,01,38,588)	(10,66,740)
Dividend income		(1,55,65,273)	(18,776)
Finance cost		62,31,99,596	25,01,236
Provisions made during the year		5,64,86,796	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		1,22,52,219	–
Changes in assets and liabilities			
Trade receivables		(3,47,17,77,247)	(4,43,35,436)
Loans and advances and other assets		67,37,20,204	(65,48,86,792)
Liabilities and provisions		2,42,18,73,339	49,19,59,664
		2,91,67,39,478	(46,37,23,360)
Income taxes paid		(1,24,39,51,691)	–
NET CASH USED IN OPERATING ACTIVITIES		1,67,27,87,787	(46,37,23,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(39,14,56,205)	(2,70,90,999)
Investment in mutual fund units		(4,22,55,65,273)	1,50,00,000
Disposal of mutual fund units		3,90,86,83,663	(1,50,00,000)
Interest and dividend received		2,51,94,188	8,28,210
NET CASH USED IN INVESTING ACTIVITIES		(68,31,43,627)	(2,62,62,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent		94,50,00,000	30,00,00,000
Loan repayment to parent		(1,12,54,77,444)	(12,00,00,000)
Finance cost		(62,31,99,596)	(20,23,792)
Proceeds from issuance of share capital		–	41,00,00,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		(80,36,77,040)	58,79,76,208
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(1,22,52,219)	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,37,14,901	9,79,90,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,79,90,059	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		27,17,04,961	9,79,90,059
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

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Director

Jonathan Heller
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Place : Bangalore
Date : April 12, 2016

Significant accounting policies

Company overview

EdgeVerve Systems Limited ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products or Finacle product which can be deployed either on premises or on cloud environments depending on its products. The Company provides implementation, integration and support services to help its customers realize benefits from software solutions.

With effect from August 1, 2015, 'Finacle' and 'Edge services' business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures"

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent applicable). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue recognition

Revenue is primarily derived from the licensing of software products and related services. Arrangements with customers for related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

1.4 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Costs, directly attributable to the acquisition are capitalized until such assets are ready for use as intended by the management. Capital work-in-progress comprises of the cost of assets that are not yet ready for their intended use at the reporting date and advances paid towards acquisition of assets.

1.6 Intangible assets and amortization

Identifiable assets acquired and liabilities assumed in a business transfer are measured initially at their fair value on the date of the transfer. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Goodwill is recorded when consideration in money or money's worth has been paid for. When a business is acquired for a price (payable in cash or in shares or otherwise) which is in excess of the value of the net assets of the business taken over, the excess is termed as goodwill. Amortisation methods and useful life are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. Software development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalised include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

1.7 Depreciation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

1.8 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.9 Retirement benefits to employees

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by the law. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Superannuation

Certain employees of EdgeVerve are also participants in the EdgeVerve Systems Limited Employees Superannuation Fund Trust ('the Plan') which is a defined contribution plan. The Company has no obligations to the Plan beyond its monthly contributions.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.10 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.11 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses 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 future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.12 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.13 Investments

Trade investments are the investments made to promote the trade or business of the Company. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.15 Cash flow statement

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

1.16 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.17 Borrowing Costs

Borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

2 Notes on accounts for the year ended March 31, 2016

Amounts in the financial statements are presented in ₹, except for per share data and as otherwise stated. All exact amounts are stated with the suffix "/-".

2.1 Share Capital

in ₹, except as otherwise stated

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized		
Equity shares, ₹10/- par value		
4,10,00,00,000 (47,00,00,000) equity shares	41,00,00,00,000	4,70,00,00,000
Issued/ subscribed / paid-up		
Equity shares, ₹10/- par value	13,11,84,00,000	4,61,84,00,000
1,31,18,40,000 (46,18,40,000) equity shares*		
	13,11,84,00,000	4,61,84,00,000

* *The Company has allotted 850,000,000 fully-paid-up equity shares of face value ₹10/- each during the current year and had allotted 420,840,000 fully-paid-up equity shares of face value ₹10/- each during the previous year pursuant to a Business Transfer Agreement entered into with the holding company, Infosys Limited for consideration other than cash.*

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet.

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below:

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% held	No. of shares	% held
Infosys Limited (Equity shares of ₹10/- fully paid-up held by holding company)	1,31,18,40,000	100	46,18,39,994	100

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 is set out below:

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the year	46,18,40,000	4,61,84,00,000	–	–
Add: Shares issued	85,00,00,000	8,50,00,00,000	46,18,40,000	4,61,84,00,000
Number of shares at the end of the year	1,31,18,40,000	13,11,84,00,000	46,18,40,000	4,61,84,00,000

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2016	2015
Deficit (Debit balance in Statement of Profit and Loss)		
Opening balance	(70,50,27,449)	–
Add: Net loss for the year	(89,84,73,370)	(70,50,27,449)
Total	(1,60,35,00,819)	(70,50,27,449)

2.3 Deferred taxes

in ₹

Particulars	As at March 31,	
	2016	2015
Deferred tax assets		
Compensated absences	5,26,00,000	–
Other assets	41,00,000	99,00,000
	5,67,00,000	99,00,000
Deferred tax liabilities		
Fixed assets	1,58,00,000	99,00,000
	1,58,00,000	99,00,000
Deferred tax assets after setoff	4,09,00,000	–
Deferred tax liabilities after set off	–	–

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.4 Long-term borrowings

in ₹

Particulars	As at March 31,	
	2016	2015
Non-convertible debentures*	25,49,00,00,000	–
	25,49,00,00,000	–
Includes dues to holding company (Refer to Note 2.25)	25,49,00,00,000	
*Unsecured		

During the year ended March 31, 2016, the Company has not created any Debenture Redemption Reserve required under Section 71 of Companies Act, 2013, as the Company did not make any profits during the year ended March 31, 2016.

The interest rate for the debentures as of March 31, 2016 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.75%. The interest payment term would be as may be decided mutually between the parties.

The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

2.5 Other long-term liabilities

in ₹

Particulars	As at March 31,	
	2016	2015
Gratuity obligation	–	6,48,29,041
	–	6,48,29,041

2.6 Trade payables

in ₹

Particulars	As at March 31,	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises*	25,78,870	17,40,90,152
	25,78,870	17,40,90,152
**Includes dues to holding company (Refer to Note 2.25)*	2,99,435	14,31,79,110

As at March 31, 2016, there is no amount outstanding to micro and small enterprises (nil as at March 31, 2015). There are no interests also due or outstanding on the same.

2.7 Other current liabilities

in ₹

Particulars	As at March 31,	
	2016	2015
Accrued salaries and benefits		
Salaries and benefits	98,90,365	2,36,428
Bonus and incentives	29,24,17,538	7,01,94,777
Other liabilities		
Provision for expenses (1)	1,42,04,10,061	4,78,13,638
Withholding and other taxes payable	29,97,15,397	4,43,70,882
Other payables (2)	35,23,99,326	14,38,32,354
Unearned revenue	45,57,22,263	–
	2,83,05,54,950	30,64,48,079
(1) Includes dues to holding company (Refer to Note 2.25)	20,30,66,973	–
(2) Includes dues to holding company / fellow subsidiaries (Refer to Note 2.25)	8,88,11,712	14,33,23,922

2.8 Short-term provisions

in ₹

Particulars	As at March 31,	
	2016	2015
Provision for employee benefits		
Compensated absences	15,20,26,877	1,79,20,086
Provision for		
Post-sales client support and warranties	5,62,39,658	–
	20,82,66,535	1,79,20,086

2.9 Short- term borrowings

in ₹

Particulars	As at March 31,	
	2016	2015
Loans from related party		
Unsecured Loan	–	18,04,77,444
	–	18,04,77,444

The loan from Infosys Limited, the holding company, was taken during year ended March 31, 2016 at an interest rate of 8.67% p.a. This loan has been repaid during the year ended March 31, 2016.

2.10 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended March 31, 2016:

in ₹, except as otherwise stated

Particulars	Tangible assets				Intangible assets					Grand Total
	Plant and equipment	Furniture	Computer equipment [1]	Total	Goodwill [1]	Customer contracts [1]	Trade name [1]	Technology [1]	Total	
Original cost										
As at April 1, 2015	–	–	12,70,47,979	12,70,47,979	2,80,39,08,132	3,00,60,000	–	1,28,65,68,000	4,12,05,36,132	4,24,75,84,111
Additions during the year	1,28,61,743	16,51,665	57,07,12,816	58,52,26,224	20,16,21,78,480	85,33,00,000	1,25,95,00,000	8,08,05,00,000	30,35,54,78,480	30,94,07,04,704
Deletions during the year	–	–	–	–	–	–	–	–	–	–
As at March 31, 2016	1,28,61,743	16,51,665	69,77,60,796	71,22,74,204	22,96,60,86,612	88,33,60,000	1,25,95,00,000	9,36,70,68,000	34,47,60,14,612	35,18,82,88,815
Depreciation and amortization										
As at April 1, 2015	–	–	3,85,94,333	3,85,94,333	30,06,93,084	1,12,82,795		9,65,80,721	40,85,56,600	44,71,50,933
For the year	8,31,781	64,608	28,04,07,463	28,13,03,852	1,74,47,03,537	47,03,72,836	5,59,77,778	66,73,56,800	2,93,84,10,951	3,21,97,14,802
Deletions during the year	–	–	–	–	–	–	–	–	–	–
As at March 31, 2016	8,31,781	64,608	31,90,01,796	31,98,98,185	2,04,53,96,621	48,16,55,631	5,59,77,778	76,39,37,521	3,34,69,67,551	3,66,68,65,736
Net book value										
As at March 31, 2016	1,20,29,962	15,87,057	37,87,59,000	39,23,76,019	20,92,06,89,991	40,17,04,369	1,20,35,22,222	8,60,31,30,479	31,12,90,47,060	31,52,14,23,079

Following are the changes in the carrying value of fixed assets for the period ended March 31, 2015:

in ₹, except as otherwise stated

Particulars	Tangible assets		Intangible assets				Grand Total
	Computer equipment [1]	Total	Goodwill [1]	Customer contracts [1]	Technology [1]	Total	
Original cost							
As at February 14, 2014	–	–	–	–	–	–	–
Additions during the period	12,70,47,979	12,70,47,979	2,80,39,08,132	3,00,60,000	1,28,65,68,000	4,12,05,36,132	4,24,75,84,111
Deletions during the period	–	–	–	–	–	–	–
As at March 31, 2015	12,70,47,979	12,70,47,979	2,80,39,08,132	3,00,60,000	1,28,65,68,000	4,12,05,36,132	4,24,75,84,111
Depreciation and amortization							
As at February 14, 2014	–	–	–	–	–	–	–
For the period	3,85,94,333	3,85,94,333	30,06,93,084	1,12,82,795	9,65,80,721	40,85,56,600	44,71,50,933
Deletions during the period	–	–	–	–	–	–	–
As at March 31, 2015	3,85,94,333	3,85,94,333	30,06,93,084	1,12,82,795	9,65,80,721	40,85,56,600	44,71,50,933
Net book value							
As at March 31, 2015	8,84,53,646	8,84,53,646	2,50,32,15,048	1,87,77,205	1,18,99,87,279	3,71,19,79,532	3,80,04,33,178

[1] *Refer to Note 2.34 for details of assets acquired pursuant to Business Transfer Agreements*

The estimated useful life of the categories of assets presented above is as under:

Computer equipment	3-5 years
Goodwill	7 - 10 years
Customer contracts	15 months -2 years
Trade name	15 years (2)
Technology	10 years

(2) *Based on an independent valuation, the Management believes that the estimated useful life of the asset is 15 years.*

2.11 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Capital advances	1,36,032	–
Other deposits	–	1,25,000
Other loans and advances		
TDS receivable (net of provision for tax)	98,84,97,464	9,08,92,773
Loans and advances to employees		
Housing and other loans	29,56,026	–
	99,15,89,522	9,10,17,773

2.12 Other non-current assets

in ₹

Particulars	As at March 31,	
	2016	2015
Others		
Advance to gratuity trust (Refer to Note 2.28)	73,01,641	–
	73,01,641	–

2.13 Current investments

in ₹

Particulars	As at March 31,	
	2016	2015
Other current investments		
Unquoted		
Liquid mutual fund units	31,68,81,609	–
	31,68,81,609	–
Aggregate amount of unquoted invesments	31,68,81,609	–

2.13.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2016 are as follows:

in ₹

Particulars	Units	Amount
Reliance liquid fund – Treasury Plan-Direct Plan Daily dividend option	2,07,283	31,68,81,609
	2,07,283	31,68,81,609

2.14 Trade receivables

in ₹

Particulars	As at March 31,	
	2016	2015
Debts outstanding for a period exceeding six months from the date they became due for payment	–	–
Other debts		
Unsecured		
Considered good	3,51,61,12,683	4,43,35,436
Considered doubtful	–	–
	3,51,61,12,683	4,43,35,436
	3,51,61,12,683	4,43,35,436

2.15 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2016	2015
Balances with bank		
In current and deposit accounts	27,17,04,961	9,79,90,059
	27,17,04,961	9,79,90,059
Deposit accounts with more than 12 months maturity	2,04,82,000	20,00,000
Balance with banks held as margin money deposit against guarantees	2,79,09,695	41,50,000

Cash and cash equivalents as of March 31, 2016 and March 31, 2015 include restricted bank balances of ₹2,79,09,695 and ₹41,50,000, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with bank comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances with banks are as follows:

in ₹

Particulars	As at March 31,	
	2016	2015
In current account		
ICICI Bank, India	46,78,664	6,69,83,973
ICICI Bank-EEFC (U.S. Dollar account)	35,65,774	2,56,25,953
State Bank of India	5,50,827	12,30,133
	87,95,266	9,38,40,059
In deposit account		
ICICI Bank	26,29,09,695	41,50,000
	26,29,09,695	41,50,000
Total cash and cash equivalents	27,17,04,961	9,79,90,059

2.16 Short-term loans and advances

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	1,53,20,100	7,13,420
For supply of goods and rendering of services	36,61,36,017	5,14,19,175
Withholding and other taxes receivable	10,64,97,238	3,19,27,831
Loans and advances to employees	2,47,138	–
Less: Provision for doubtful loans	(2,47,138)	–
Others	10,41,72,112	8,72,46,336
	59,21,25,467	17,13,06,762
Restricted deposits *(Refer to Note 2.32)*	17,18,95,031	1,98,75,468
Unbilled revenues	2,51,48,11,621	43,13,49,127
Interest accrued but not due	7,66,984	2,57,311
Loans and advances to employees		
Housing and other loans	4,09,03,590	–
Salary advances	5,91,18,969	5,72,239
Electricity and other deposits	1,25,000	–
	3,37,97,46,662	62,33,60,907

2.17 Leases

The lease rentals charged during the year on cancellable and non-cancellable leases is as follows:

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Lease rentals recognized during the period	36,48,01,328	4,18,71,067

in ₹

The Company is obligated under non-cancellable leases for office premises. Future minimum lease payments are as follows:

	As at March 31, 2016	As at March 31, 2015
Not later than one year	6,75,47,835	–
Later than one year but not later than five years	9,58,80,398	–
Later than five years	–	–
Total	16,34,28,233	–

The existing operating lease arrangements extend for a lock-in period of 36 months from the dates of inception.

2.18 Income from software products, platforms and services

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Income from software products, platforms and services	15,32,96,17,831	1,47,73,43,061
	15,32,96,17,831	1,47,73,43,061

2.19 Other income

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Interest on deposits with bank	1,01,38,588	10,66,740
Dividend from mutual funds	1,55,65,273	18,776
Miscellaneous income	(26,58,458)	24,34,025
Gains / (losses) on foreign currency, net	3,55,20,772	(28,46,695)
	5,85,66,175	6,72,846

2.20 Expenses

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	6,55,57,09,073	55,74,28,786
Contribution to provident and other funds	40,14,14,261	6,55,05,292
Staff welfare	6,50,36,748	65,00,061
	7,02,21,60,082	62,94,34,139
Cost of technical sub-contractors		
Technical sub-contractors – holding company / fellow subsidiaries	81,07,67,865	46,42,28,258
Technical sub-contractors – others	21,44,36,678	78,66,953
	1,02,52,04,543	47,20,95,211

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Travel expenses		
Overseas travel expenses	66,77,68,767	3,67,61,517
Travelling and conveyance	8,68,89,606	78,36,833
	75,46,58,373	4,45,98,350
Cost of software packages and others		
For own use	19,84,52,648	29,14,47,468
Third party items bought for service delivery to clients	1,40,73,91,899	79,86,519
	1,60,58,44,547	29,94,33,987
Communication expenses		
Telephone and communication charges	3,72,64,539	1,75,06,436
	3,72,64,539	1,75,06,436
Other expenses		
Office maintenance	16,33,30,046	2,29,52,567
Power and fuel	28,42,264	–
Brand building	6,48,01,838	–
Rent	36,48,01,328	4,18,71,067
Insurance	12,22,005	–
Rates and taxes, excluding taxes on income	3,20,16,092	2,87,44,805
Computer maintenance	3,59,30,881	6,44,10,043
Consumables	1,34,69,009	6,53,906
Commission charges	21,89,92,891	–
Commission to non-whole time directors	20,52,500	6,00,000
Provision for bad and doubtful advances	2,47,138	–
Provision for post sale customer support	5,62,39,658	–
Auditor's remuneration		
Statutory audit fees	34,03,000	5,00,000
Bank charges and commission	14,73,695	2,10,487
Others	10,84,66,186	3,75,27,917
	1,06,92,88,531	19,74,70,792

2.21 Tax expense

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Current tax		
Income tax expense:	34,63,47,000	–
Deferred taxes	(4,09,00,000)	–
	30,54,47,000	–

2.22 Contingent liabilities and commitments (to the extent not provided for)

in ₹

Particulars	As at March 31, 2016	2015
Commitments	–	–
Estimated amount of unexecuted capital contracts	12,29,11,242	55,10,826
(net of advances and deposits)	–	–
There were no contingent liabilities as at March 31, 2016 and March 31, 2015	–	–

2.23 Imports (valued on the cost, insurance and freight basis)

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Capital goods	15,69,76,733	1,34,73,500
	15,69,76,733	1,34,73,500

2.24 Activity in foreign currency

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Earnings in foreign currency		
Income from software products, platforms and services	11,13,47,91,750	1,46,47,09,803
	11,13,47,91,750	1,46,47,09,803
Expenditure in foreign currency		
Overseas travel expenses (including visa charges)	20,58,00,693	72,44,204
Professional charges	13,02,76,455	39,51,454
Technical sub-contractors – subsidiaries	61,72,814	–
Overseas salaries and incentives	3,63,23,319	–
Other expenditure incurred overseas for software development	1,22,18,71,810	14,64,30,238
	1,60,04,45,091	15,76,25,896
	9,53,43,46,659	1,30,70,83,907

2.25 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31,	
		2016	2015
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [1]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][17]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd[5]	Australia
Infosys BPO Americas LLC [1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. [3]	U.S.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty. Limited)* [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* [3]	Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* [4]	Brazil
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*
[17] *Liquidated effective March 15, 2016*

List of other related party

Particulars	Country	Nature of relationship
EdgeVerve Systems Limited Employees Gratuity Fund Trust	India	Post-employment benefit plan of EdgeVerve
EdgeVerve Systems Limited Employees Superannuation Fund Trust	India	Post-employment benefit plan of EdgeVerve

List of key management personnel

Directors

Sanjay Purohit	(appointed on February 14, 2014)
Srinivasan Rajam	(appointed on July 8, 2014)
Sandeep Dadlani	(appointed on September 8, 2014)
Roopa Kudva	(appointed on February 10, 2015)
Jonathan Heller	(appointed on June 10, 2015)
Arun Krishnan	(appointed on October 9, 2015)
Samson David	(resigned on April 20, 2015)
Michael Reh	(resigned on March 31, 2016)

Executive Officers

Prem Pereira,	Chief Financial Officer
Sudhir Shridhar Gaonkar,	Company Secretary

The details of amounts due to or due from as at March 31, 2016 and March 31, 2015 are as follows:

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Other receivables		
Infosys Limited	–	8,60,28,426
Infosys BPO	–	12,72,139
	–	8,73,00,565
Trade payables		
Infosys Limited	2,99,435	14,31,79,110
	2,99,435	14,31,79,110
Loan from parent		
Infosys Limited	–	18,04,77,444
	–	18,04,77,444
Long term borrowings		
Infosys Limited (Debentures)	25,49,00,00,000	–
	25,49,00,00,000	–
Other payables		
Infosys Limited	3,34,81,879	14,33,23,922
Infosys BPO	86,45,349	–
Panaya Inc.	4,66,84,484	–
	8,88,11,712	14,33,23,922
Provision for expenses		
Infosys Limited	20,30,66,973	–
	20,30,66,973	–

Note: *Excludes certain balances due to / from Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.*

The details of the related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:

Refer to Note 2.34 for acquisition of business from holding company.

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Capital transactions		
Financing transactions		
Capital infusion by parent		
Infosys Limited (Equity)	8,50,00,00,000	4,61,84,00,000
	8,50,00,00,000	4,61,84,00,000
Debenture issued to parent		
Infosys Limited	25,49,00,00,000	30,00,00,000
	25,49,00,00,000	30,00,00,000
Loans received from parent		
Infosys Limited	94,50,00,000	30,00,00,000
	94,50,00,000	30,00,00,000
Loans repaid to parent		
Infosys Limited	1,12,54,77,444	12,00,00,000
	1,12,54,77,444	12,00,00,000
Fixed asset purchase from parent		
Infosys Limited	10,72,197	24,88,589
	10,72,197	24,88,589
Others		
Cash received under business transfer	3,34,80,00,000	–
	3,34,80,00,000	–
Revenue transactions:		
Purchase of shared services including facilities and personnel		
Infosys Limited	1,43,30,01,562	25,51,52,010
Infosys BPO	83,14,437	–
Panaya	4,66,84,484	–
	1,48,80,00,483	71,93,80,268
Interest expense		
Infosys Limited	62,31,99,596	25,01,236
	62,31,99,596	25,01,236

Note: *Excludes certain transactions with Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.*

The details of compensation to key managerial personnel are as follows:

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Salaries and other employee benefits to whole-time directors and executive officers	1,30,47,872	3,01,03,589
Sitting fees to non-executive / independent directors	20,52,500	6,00,000
Total	1,51,00,372	3,07,03,589

2.26 Research and development expenditure

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Expenditure at Department of Scientific and Industrial Research (DSIR) approved units [(1)]		
Capital expenditure	–	–
Revenue expenditure	1,19,29,22,539	–
Other R&D Expenditure		
Capital expenditure	–	–
Revenue expenditure	1,87,58,81,108	65,94,60,236
Total R&D Expenditure		
Capital expenditure	–	–
Revenue expenditure	3,06,88,03,647	65,94,60,236

(1) *With effect from August 1, 2015 the business of Finacle including the R&D activities has been transferred from holding company, Infosys Limited. Hence, with effect from that date, the Company has claimed the weighted tax deduction equal to 200% of eligible R&D expenditures u/s 35(2AB) of the Income Tax Act, 1961.*

2.27 Segment reporting

The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products or Finacle product which can be deployed either on premises or on cloud environments depending on its products. The Company provides implementation and integration services to help the customers realize benefits from its software solutions. Effective April 1, 2015, the Company reorganized its segments to support its objective of delivery innovation. This structure will help deliver services that will reflect the way technology is consumed in layers by the client's enterprise. However, the reorganization did not have any impact in the reportable segments as per AS 17 'Segment reporting'. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the Company are primarily Financial Services and Insurance (FSI) comprising enterprises providing banking, finance and insurance services, Manufacturing (MFG), Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL) and Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprises all other places except those mentioned above and India.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly, these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended March 31, 2016 and period from *February 14, 2014 to March 31, 2015*:

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software products, platforms and services	12,61,12,72,087	15,79,88,242	1,10,79,46,891	81,19,92,925	64,04,17,686	15,32,96,17,831
	54,79,24,796	*8,57,63,598*	*33,87,50,799*	*33,09,79,019*	*17,39,24,849*	*1,47,73,43,061*
Identifiable operating expenses	4,02,51,25,754	4,13,86,336	17,04,94,304	12,03,17,671	11,05,92,962	4,46,79,17,027
	6,79,90,188	*1,32,93,666*	*1,31,03,806*	*1,71,90,007*	*9,59,302*	*11,25,36,969*
Allocated expenses	6,18,43,53,615	9,88,24,205	55,29,97,357	47,63,25,346	35,78,78,428	7,67,03,78,951
	52,64,51,835	*7,60,33,292*	*41,78,62,678*	*39,84,94,953*	*20,20,11,459*	*1,62,08,54,217*
Segmental operating income	2,40,17,92,718	1,77,77,701	38,44,55,230	21,53,49,908	17,19,46,296	3,19,13,21,853
	(4,65,17,227)	*(35,63,360)*	*(9,22,15,685)*	*(8,47,05,941)*	*(2,90,45,912)*	*(25,60,48,125)*
Unallocable expenses						3,21,97,14,802
						44,96,52,170
Other income, net						5,85,66,175
						6,72,846
Interest expense						62,31,99,596
						–
Profit before tax						(59,30,26,370)
						(70,50,27,449)
Tax expense						30,54,47,000
						–
Profit after taxes and exceptional item						(89,84,73,370)
						(70,50,27,449)

Geographic Segments

Year ended March 31, 2016 and period from *February 14, 2014 to March 31, 2015*:

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software products, platforms and services	2,51,32,41,521	1,40,61,54,165	4,05,63,74,930	7,35,38,47,215	15,32,96,17,831
	79,97,16,558	*21,93,55,288*	*1,26,33,258*	*44,56,37,957*	*1,47,73,43,061*
Identifiable operating expenses	63,13,24,824	36,38,51,458	1,62,02,76,929	1,85,24,63,816	4,46,79,17,027
	7,80,25,788	*66,66,014*	*16,61,479*	*2,61,83,688*	*11,25,36,969*
Allocated expenses	1,34,73,69,767	75,07,76,640	1,94,54,21,385	3,62,68,11,159	7,67,03,78,951
	81,09,15,861	*24,01,89,260*	*1,46,78,163*	*55,50,70,933*	*1,62,08,54,217*
Segmental operating income	53,45,46,930	29,15,26,067	49,06,76,616	1,87,45,72,240	3,19,13,21,853
	(8,92,25,091)	*(2,74,99,986)*	*(37,06,384)*	*(13,56,16,664)*	*(25,60,48,125)*
Unallocable expenses					3,21,97,14,802
					44,96,52,170
Other income, net					5,85,66,175
					6,72,846
Interest expense					62,31,99,596
					–
Profit before tax					(59,30,26,370)
					(70,50,27,449)
Tax expense					30,54,47,000
					–
Profit after taxes and exceptional item					(89,84,73,370)
					(70,50,27,449)

2.28 Gratuity plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Obligations at year beginning	9,07,05,461	–
Service cost	3,72,83,982	63,48,201
Interest cost	2,28,59,538	33,01,736
Transfer of obligation	33,49,88,996	5,27,45,341
Actuarial (gain) / loss	13,76,54,616	2,83,10,183
Benefits paid	(1,43,44,311)	–
Obligations at year / period end	60,91,48,282	9,07,05,461
Change in plan assets		
Plan assets at year beginning, at fair value	2,58,76,419	–
Expected return on plan assets	3,40,99,526	8,60,938
Actuarial gain / (loss)	(56,51,862)	(84,519)
Contributions	14,75,00,000	2,51,00,000
Transfer in	42,89,70,151	–
Benefits paid	(1,43,44,311)	–
Plan assets at year / period end, at fair value	61,64,49,923	2,58,76,419
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year / period	61,64,49,923	2,58,76,419
Present value of the defined benefit obligations at the end of the year / period	60,91,48,282	9,07,05,461
Reimbursement asset	–	6,58,92,944
Asset recognized in the balance sheet	73,01,641	10,63,902
Assumptions		
Interest rate	7.80%	7.80%
Estimated rate of return on plan assets	9.50%	9.50%
Weighted expected rate of salary increase	10.00%	10.00%

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises of the following components:

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Gratuity cost for the period		
Service cost	3,72,83,982	63,48,201
Interest cost	2,28,59,538	33,01,736
Expected return on plan assets	(3,40,99,526)	(8,60,938)
Actuarial loss	14,33,06,478	2,83,94,701
Net gratuity cost	16,93,50,472	3,71,83,700
Actual return on plan assets	2,84,47,664	7,76,419

As at March 31, 2016 and March 31, 2015, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute ₹7,00,00,000 to the Gratuity Trust during fiscal 2017.

2.29 Provident Fund

The Company contributed ₹12,07,74,969 during the year ended March 31, 2016 (₹1,77,89,201 for the year ended March 31, 2015).

2.30 Superannuation

The Company contributed ₹4,90,96,520 during the year ended March 31, 2016 (₹88,10,583 for the year ended March 31, 2015).

2.31 Reconciliation of basic and diluted shares used in computing earnings per share

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Number of shares considered as basic weighted average shares outstanding	69,17,58,033	20,78,96,740
Add : Effect of dilutive issues of shares	–	–
Number of shares considered as weighted average shares and potential shares outstanding	69,17,58,033	20,78,96,740

2.32 Restricted deposits

Deposits with financial institutions as at March 31, 2016 include ₹17,18,95,031 (₹1,98,75,468 as on March 31, 2015) deposited with financial institution to settle employee-related obligations as and when they arise during the normal course of business.

2.33 Function-wise classification of statement of profit and loss

in ₹

Particulars	Year ended March 31, 2016	Period from February 14, 2014 to March 31, 2015
Income from software products, platforms and services	15,32,96,17,831	1,47,73,43,061
Software development expenses	9,02,99,75,093	1,38,99,80,309
GROSS PROFIT	6,29,96,42,738	8,73,62,752
Selling and marketing expenses	1,52,62,89,223	3,67,20,548
General and administration expenses	1,58,20,31,662	30,91,91,565
	3,10,83,20,885	34,59,12,113
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	3,19,13,21,853	(25,85,49,361)
Finance cost	62,31,99,596	–
Depreciation and amortization	3,21,97,14,802	44,71,50,933
OPERATING LOSS	(65,15,92,545)	(70,57,00,294)
Other income	5,85,66,175	6,72,845
LOSS BEFORE TAX	(59,30,26,370)	(70,50,27,449)
Tax expense		
Current tax	34,63,47,000	–
Deferred tax	(4,09,00,000)	–
LOSS FOR THE YEAR	(89,84,73,370)	(70,50,27,449)

2.34 Transfer of business from Infosys Limited

On April 11, 2014, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly, the business has been transferred for a consideration of $70 million (₹420.84 crore) with effect from July 1, 2014. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled through issue of fully paid-up shares in EdgeVerve.

Net assets taken over:

in ₹

Particulars	Amount
Fixed assets	7,71,32,882
Intangible asset – capital contracts	3,00,60,000
Intangible asset – technology	1,28,65,68,000
Reimbursement asset (on account of employee benefit obligation taken over)	5,92,34,578
Employee benefit obligation – gratuity	(4,85,03,592)
Goodwill	2,80,39,08,132
Total consideration in shares	4,20,84,00,000

On April 17, 2015, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting. Subsequently in the Annual General meeting on June 4, 2015, the shareholders have authorized the Board to enter into a Business Transfer Agreement and related documents with Infosys with effect from August 1, 2015 or such other date as may decided by the Board.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly, the Finacle and Edge Services businesses have been transferred to the Company for a consideration of ₹3,22,20,000,000 and ₹1,77,00,00,000, respectively, with effect from August 1, 2015. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled in the form of equity shares of ₹8,500,000,000 and debentures of ₹25,49,00,00,000.

Net assets taken over:

in ₹

Particulars	Amount
Fixed assets	19,45,45,429
Employee loans and advances	2,24,59,274
Gratuity asset	4,40,66,817
Intercompany receivable – working capital	3,37,34,50,000
Intangible asset – technology	8,08,05,00,000
Intangible asset – trade name	1,25,95,00,000
Intangible asset – customer contracts	85,33,00,000
Goodwill	20,16,21,78,480
Total consideration	33,99,00,00,000

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number: 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Sanjay Purohit
Director

Srinivasan Rajam
Director

Roopa Kudva
Director

Jonathan Heller
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Place: Bangalore
Place: April 12, 2016

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Infosys Technologies (China) Co., Ltd.

English translation of financial statements for the year 1 January 2015 to 31 December 2015

If there is any conflict between the chinese version and its english translation, the chinese version will prevail.

Auditors' report

The Board of Directors of Infosys Technologies (China) Co., Ltd.:

We have audited the accompanying financial statements of Infosys Technologies (China) Co., Ltd. ("the Company") on pages 1 to 34, which comprise the balance sheet as at 31 December 2015, the income statement, the cash flow statement and the statement of changes in owner's equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and the financial performance and the cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen LLP
Shanghai Branch

Certified Public Accountants
Registered in the People's Republic of China

Mo Haowei

Miao Zhen

China Shanghai
29 April 2016

Balance sheet

(Expressed in Renminbi Yuan)

Particulars	Note	As at 31 December	
		2015	2014
Assets			
Current assets			
Cash at bank and on hand	5	5,76,55,291.69	6,36,18,148.02
Accounts receivable	6	25,74,01,242.99	20,01,14,088.14
Prepayments		12,85,954.87	11,75,484.20
Other receivables	7	2,04,03,898.82	1,19,11,376.19
Total current assets		33,67,46,388.37	27,68,19,096.55
Non current assets			
Fixed assets	8	1,54,53,063.61	2,07,36,711.48
Construction in progress	9	-	1,42,763.36
Long term deferred expenses	10	10,59,331.03	11,16,026.36
Total non current assets		1,65,12,394.64	2,19,95,501.20
Total assets		35,32,58,783.01	29,88,14,597.75
Liabilities and owner's equity			
Current liabilities			
Accounts payable		3,72,64,342.35	1,59,77,820.99
Employee benefits payable		6,75,27,810.19	6,06,68,664.02
Taxes payable	4(3)	46,29,918.26	30,74,349.09
Other payables		4,39,98,144.00	3,51,70,729.93
Other current liabilities		7,62,02,237.55	4,25,58,152.31
Total current liabilities		22,96,22,452.35	15,74,49,716.34
Total liabilities		22,96,22,452.35	15,74,49,716.34
Owner's equity			
Paid in capital	12	22,99,80,400.00	16,84,47,400.00
Capital reserve	13	5,15,75,614.42	5,15,75,614.42
Accumulated losses		(15,79,19,683.76)	(7,86,58,133.01)
Total owner's equity		12,36,36,330.66	14,13,64,881.41
Total liabilities and owner's equity		35,32,58,783.01	29,88,14,597.75

These financial statements were approved by the Board of Directors of the Company on 29 April 2016.

Rangarajan Vellamore Rathangapani
Chief Executive Officer

Ge Jingwei
The person in charge of accounting affairs and the head of the accounting department

The notes form an integral part of these financial statements.

Income statement

(Expressed in Renminbi Yuan)

Particulars	Note	For the year ended 31 December	
		2015	2014
Operating income	14	82,55,95,914.16	73,58,32,609.45
Less: Operating costs		(77,67,66,862.01)	(54,68,14,714.39)
Business taxes and surcharges		(11,09,301.58)	(7,74,155.39)
Selling and distribution expenses		(3,72,24,949.42)	(3,53,26,446.95)
General and administrative expenses	15	(10,68,28,837.99)	(16,16,74,208.58)
Net financial income / (financial expenses)	16	15,11,000.30	(18,11,609.02)
Impairment losses	17	(62,96,850.17)	(41,64,223.53)
Operating loss		(10,11,19,886.71)	(1,47,32,748.41)
Add: Non operating income	18	2,18,58,335.96	81,66,115.69
Loss before income tax		(7,92,61,550.75)	(65,66,632.72)
Less: Income tax expense	19	-	(1,76,56,426.76)
Net loss for the year		(7,92,61,550.75)	(2,42,23,059.48)
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		(7,92,61,550.75)	(2,42,23,059.48)

The notes form an integral part of these financial statements.

Cash flow statement

(Expressed in Renminbi Yuan)

	Note	For the year ended 31 December	
		2015	2014
Cash flows from operating activities:			
Proceeds from rendering of services		78,72,00,843.55	69,16,01,312.84
Refund of taxes		32,00,777.26	18,65,184.88
Proceeds from other operating activities		1,86,57,558.70	61,94,000.00
Sub total of cash inflows		80,90,59,179.51	69,96,60,497.72
Payment for services		(8,94,38,857.14)	(6,62,90,654.40)
Payment to and for employees		(71,77,96,623.07)	(56,82,45,267.25)
Payment of various taxes		(1,69,89,028.84)	(1,28,92,847.57)
Payment for other operating activities		(4,51,23,669.42)	(4,25,47,730.03)
Sub total of cash outflows		(86,93,48,178.47)	(68,99,76,499.25)
Net cash (outflow) / inflow from operating activities	21(1)	(6,02,88,998.96)	96,83,998.47
Cash flows from investing activities:			
Net proceeds from disposal of fixed assets		-	1,06,930.81
Sub total of cash inflows		-	1,06,930.81
Payment for acquisition of fixed assets and other long term deferred expenses		(72,06,857.37)	(77,98,860.52)
Sub total of cash outflows		(72,06,857.37)	(77,98,860.52)
Net cash outflow from investing activities		(72,06,857.37)	(76,91,929.71)
Cash flows from financing activities:			
Proceeds from investors		6,15,33,000.00	
Sub total of cash inflows		6,15,33,000.00	
Net cash inflow from financing activities		6,15,33,000.00	
Net (decrease) / increase in cash and cash equivalents	21(2)	(59,62,856.33)	19,92,068.76
Add: Cash and cash equivalents at the beginning of the year		6,36,18,148.02	6,16,26,079.26
Cash and cash equivalents at the end of the year	21(3)	5,76,55,291.69	6,36,18,148.02

The notes form an integral part of these financial statements.

Statement of changes in owner's equity

(Expressed in Renminbi Yuan)

Particulars	Paid in capital	Capital reserve	Accumulated losses	Total
Balance at 1 January 2014	16,84,47,400.00	5,15,75,614.42	(5,44,35,073.53)	16,55,87,940.89
Changes in equity during the year				
Total comprehensive income	-	-	(2,42,23,059.48)	(2,42,23,059.48)
Balance at 31 December 2014	16,84,47,400.00	5,15,75,614.42	(7,86,58,133.01)	14,13,64,881.41
Balance at 1 January 2015	16,84,47,400.00	5,15,75,614.42	(7,86,58,133.01)	14,13,64,881.41
Changes in equity during the year				
1. Total comprehensive income	-	-	(7,92,61,550.75)	(7,92,61,550.75)
2. Owner's contributions	6,15,33,000.00	-	-	6,15,33,000.00
Sub total of 1 to 2	6,15,33,000.00	-	(7,92,61,550.75)	(1,77,28,550.75)
Balance at 31 December 2015	22,99,80,400.00	5,15,75,614.42	(15,79,19,683.76)	12,36,36,330.66

The notes form an integral part of these financial statements.

Notes to the financial statements

1 Company status

Infosys Technologies (China) Co., Ltd. ("the Company"), formerly known as Infosys Technologies (Shanghai) Co., Ltd., is a wholly foreign owned enterprise established in Shanghai in the People's Republic of China (PRC) by Infosys Limited (formerly Infosys Technologies Limited) registered in India. The Company obtained an approval certificate Wai Jing Mao Hu Zhang Du Zi Zi (2003) No. 2893 from the Shanghai Municipal Government on 25 September 2003, and a business license (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on 10 October 2003 issued by Shanghai Administration of Industry and Commerce of the PRC. The original registered capital was USD 5,000,000.

In 2006, the Company's Board of Directors resolved to change the Company's name from Infosys Technologies (Shanghai) Co., Ltd. to Infosys Technologies (China) Co., Ltd. and increase the Company's registered capital by USD 5,000,000. The registered capital was increased from USD 5,000,000 to USD 10,000,000. The Company obtained a revised approval certificate Wai Jing Mao Hu Zhang Du Zi Zi (2003) No.2893 and a revised business licence (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on 14 July 2006 and 14 December 2006 respectively.

The Company's Board of Directors resolved to increase the Company's registered capital by USD 13,000,000. The registered capital was increased from USD 10,000,000 to USD 23,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on 15 January 2009. The Company also obtained a revised approval certificate Shang Wai Zi Hu Pu Du Zi Zi (2003) No.2893 and a revised business license No.310115400134785 (Pudong) on 15 January 2009 and 13 March 2009 respectively.

In 2015, the Company's Board of Directors resolved to increase the Company's registered capital by USD 10,000,000. The registered capital was increased from USD 23,000,000 to USD 33,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on 5 March 2015. The Company also obtained a revised approval certificate Shang Wai Zi Hu Pu Du Zi Zi (2003) No.2893 and a revised business license No.310115400134785 (Pudong) on 5 March 2015 and 18 May 2015 respectively.

The Company's period of operation is 50 years and its principal activities are to carry out research, develop, design, produce software; sale of self produced products; provide related technology consulting services and after sale services; develop computer and network technology; provide testing and maintenance of software solutions; provide business consulting services and business process management; export and import computer hardware and software, wholesale, commission agency (excluding auction); offshore call center service and etc. The Company commenced its operations in September 2004.

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the financial position of the Company as at 31 December 2015, and the financial performance and the cash flows of the Company for the year then ended.

(2) Accounting year

The accounting year of the Company is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi.

3 Significant accounting policies and accounting estimates

(1) Translation of foreign currencies

When the Company receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(3) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Company for use in the supply of services or for administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(7)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(7)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Company, and the carrying amount of the replaced part is derecognised. The costs of the day to day maintenance of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight line method over its estimated useful life. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	Estimated residual value rate	Depreciation rate
Computer equipment	3-5 years	-	20-50%
Office equipment	5 years	-	20%
Motor vehicles	5 years	-	20%

Useful lives, residual values and depreciation methods are reviewed at least at each year end.

(4) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight line basis over the lease term.

(5) Long term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long term deferred expenses. Long term deferred expenses are stated in the balance sheet at cost less impairment losses (see Note 3(7)(b)). Long term deferred expenses include leasehold improvement which are amortised on the straight line method over their beneficial period of 2 years.

(6) Financial instruments

Financial instruments include cash at bank and on hand, receivables, payables and paid in capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of a financial instrument.

The Company classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets and other financial liabilities.

The Company did not have any financial assets and financial liabilities at fair value through profit or loss, held to maturity investments or available for sale financial assets in the current or comparative accounting periods.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Receivables are measured at amortised cost using the effective interest method.
- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Company currently has a legally enforceable right to set off the recognised amounts; and
- the Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Company's contractual rights to the cash flows from the financial asset expire or if the Company transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

(d) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in owner's equity.

Consideration and transaction costs paid by the Company for repurchasing self issued equity instruments are deducted from owner's equity.

(7) Impairment of assets

Except for impairment of assets set out in Note 3(10), impairment of assets is accounted for using the following principles:

(a) Impairment of receivables

The carrying amounts of receivables are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Receivables are assessed for impairment on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognised on receivables, there is a recovery in the value of the receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the receivable's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress and etc

If any indication exists, the recoverable amount of the asset is estimated.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(8)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated to reduce the carrying amount of the assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(8) Fair value measurement

Unless otherwise specified, the Company measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Company takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(9) Employee benefits

(a) Short term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate

(b) Post employment benefits defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Company participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(c) Termination benefits

When the Company terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Company cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Company has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(10) Income tax

Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Company has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- they relate to income taxes levied by the same tax authority on either:
- the same taxable entity; or
- different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(11) Provisions

A provision is recognised for an obligation related to a contingency if the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(12) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Company's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Company, the revenue and costs can be measured reliably and the following conditions are met:

(a) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion based on the proportion of services performed to date to the total services to be performed.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(b) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(13) Government grants

Government grants are non reciprocal transfers of monetary or non monetary assets from the government to the Company except for capital contributions from the government in the capacity as an investor in the Company. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of "capital reserve" are also dealt with as capital contributions rather than government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non monetary asset, it is measured at fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight line basis over the useful life of the asset. A grant that compensates the Company for expenses to be incurred in the future is recognised initially as deferred income, and released to profit or loss in the periods in which the expenses are recognised. A grant that compensates the Company for expenses already incurred is recognised in profit or loss immediately.

(14) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Company borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general purpose borrowings.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

(15) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(16) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and are similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the financial statements.

(17) Significant accounting estimates and judgements

The preparation of financial statements requires management to make 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 these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Note 3(8) and 24 contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of receivables

As described in Note 3(7)(a), receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Company about loss events such as a significant decline in the estimated future cash flows of an individual debtor or the portfolio of debtors, and significant changes in the financial environment that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(b) Impairment of assets such as fixed assets and long term deferred expenses

As described in Note 3(7)(b), assets such as fixed assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, and the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised over the asset's generation of cash flow through service providing, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of generation of cash flows, related operating expenses based on reasonable and supportable assumptions.

(c) Depreciation and amortisation of assets such as fixed assets

As described in Notes 3(3) and 3(5), fixed assets and leasehold improvement are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Deferred income tax

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

4 Taxation

(1) The types of taxes applicable to the Company's sale of goods include value added tax (VAT), urban maintenance and construction tax, education levy and riverway management charges, etc.

Tax Name	Tax basis and applicable rate
VAT	Output VAT is 6% of taxable services revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
Urban maintenance and construction tax	1% of VAT paid
Education Levy	3% of VAT paid
Local education fee surcharge	2% of VAT paid
Riverway management charges	1% of VAT paid

The Company is recognised as advanced technology based service company, of which overseas revenue is exempted from VAT. In addition, domestic service revenus derived from certain graphic design contract is exempted from VAT during the period between July 2012 and June 2015.

(2) Income tax

The statutory income tax rate of the Company is 25%. The applicable income tax rate for the year is the preferential rate (2014: 12.5%). Pursuant to Pu Shui Jiu Suo [2011] 071 issued by Shanghai Pudong State Administration of Tax No.9 Branch on 27 December 2011, the Company is entitled a preferential tax treatment for software company. According to the notice the Company was excemted from corporate income tax for 2010 and 2011. Further, the Company is entitled to a preferential tax rate of 12.5% for 2012-2014 and a preferential tax rate of 15% for 2015-2018. The Company has cumulative operating loss as at 31 December 2015. Therefore, no income tax is provided.

(3) Taxes payable

Particulars	2015	2014
	RMB	RMB
VAT payable	1, 71,031.37	7,206.74
Withholding individual income tax	44,58,886.89	30,67,142.35
Total	46,29,918.26	30,74,349.09

5 Cash at bank and on hand

Particulars	2015	2014
	RMB	RMB
Deposits with banks	5,76,55,291.69	6,36,18,148.02

6 Accounts receivable

(1) Accounts receivable by customer type:

Particulars	2015	2014
	RMB	RMB
Amounts due from related parties	1,07,06,876.19	1,05,01,784.55
Amounts due from other customers	25,89,96,579.10	19,55,86,398.32
Sub total	26,97,03,455.29	20,60,88,182.87
Less: Provision for bad and doubtful debts	(1,23,02,212.30)	(59,74,094.73)
Total	25,74,01,242.99	20,01,14,088.14

(2) The ageing analysis of accounts receivable is as follows:

Particulars	2015	2014
	RMB	RMB
Within 1 year (inclusive)	26,63,63,675.79	20,55,28,531.01
Over 1 year but within 2 years (inclusive)	24,38,944.89	5,59,651.86
Over 2 years but within 3 years (inclusive)	1,06,772.15	-
Over 3 years	7,94,062.46	-
Sub total	26,97,03,455.29	20,60,88,182.87
Less: Provision for bad and doubtful debts	(1,23,02,212.30)	(59,74,094.73)
Total	25,74,01,242.99	20,01,14,088.14

The ageing is counted starting from the date when accounts receivable are recognised.

(3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

Particulars	2015	2014
	RMB	RMB
Balance at the beginning of the year	59,74,094.73	41,83,477.96
Additions during the year	62,96,850.17	41,64,223.53
Reclassification to other current liabilities during the year	-	(9,96,990.84)
Write off during the year	-	(13,76,615.92)
Foreign Exchange	31,267.40	-
Balance at the end of the year	1,23,02,212.30	59,74,094.73

7 Other receivables

(1) The ageing analysis of other receivables is as follows:

Particulars	2015	2014
	RMB	RMB
Within 1 year (inclusive)	1,21,31,421.68	44,07,528.05
Over 1 year but within 2 years (inclusive)	7,74,229.00	-
Over 2 years but within 3 years (inclusive)	-	-
Over 3 years	74,98,248.14	75,03,848.14
Sub total	2,04,03,898.82	1,19,11,376.19
Less: Provision for bad and doubtful debts	-	-
Total	2,04,03,898.82	1,19,11,376.19

The ageing is counted starting from the date when other receivables are recognised. Other receivables above 3 years are rental deposit.

8 Fixed assets

Particulars	Computer equipment	Office equipment	Motor vehicles	Total
	RMB	RMB	RMB	RMB
Cost				
Balance at 1 January 2014	8,39,96,966.91	5,89,84,669.05	3,83,800.00	14,33,65,435.96
Additions during the year	52,08,339.33	3,54,067.73	-	55,62,407.06
Disposals during the year	(6,08,100.00)	(21,70,945.49)	(1,35,800.00)	(29,14,845.49)
Balance at 31 December 2014	8,85,97,206.24	5,71,67,791.29	2,48,000.00	14,60,12,997.53
Additions during the year	48,36,317.94	5,07,260.44	-	53,43,578.38
Transfers from construction in progress	37,608.00	1,05,155.36	-	1,42,763.36
Disposals during the year	(19,73,098.11)	(10,11,270.31)	-	(29,84,368.42)
Balance at 31 December 2015	9,14,98,034.07	5,67,68,936.78	2,48,000.00	14,85,14,970.85
Less: Accumulated depreciation				
Balance at 1 January 2014	(7,78,82,609.34)	(3,80,18,581.84)	(1,60,600.00)	(11,60,61,791.18)
Charge for the year	(27,74,435.51)	(92,83,696.91)	(49,600.00)	(1,21,07,732.42)
Written off on disposal	6,08,100.00	21,49,337.55	1,35,800.00	28,93,237.55
Balance at 31 December 2014	(8,00,48,944.85)	(4,51,52,941.20)	(74,400.00)	(12,52,76,286.05)
Charge for the year	(29,04,800.49)	(78,10,427.63)	(49,600.00)	(1,07,64,828.12)
Written off on disposal	19,73,098.11	10,06,108.82	-	29,79,206.93
Balance at 31 December 2015	(8,09,80,647.23)	(5,19,57,260.01)	(1,24,000.00)	(13,30,61,907.24)
Carrying amounts				
At 31 December 2015	1,05,17,386.84	48,11,676.77	1,24,000.00	1,54,53,063.61
At 31 December 2014	85,48,261.39	1,20,14,850.09	1,73,600.00	2,07,36,711.48

9 Construction in progress

	RMB
Balance at 1 January 2014	–
Additions during the year	1,42,763.36
Balance at 31 December 2014	1,42,763.36
Additions during the year	-
Transfers to fixed assets	(1,42,763.36)
Balance at 31 December 2015	-

10 Long term deferred expenses

	2015	2014
	RMB	RMB
Leasehold improvement	10,59,331.03	11,16,026.36

11 Provisions for impairment

As at 31 December 2015, the provisions for impairment of the Company are set out as follows:

Particulars	Note	Balance at the beginning of the year	Charge for the year	Foreign Exchange	Balance at the end of the year
		RMB	RMB	RMB	RMB
Accounts receivable	6	59,74,094.73	62,96,850.17	31,267.40	1,23,02,212.30

As at 31 December 2014, the provisions for impairment of the Company are set out as follows:

	Note	Balance at the beginning of the year	Charge for the year	Decrease during the year Written off	Reclass to other current liabilities during the year	Balance at the end of the year
		RMB	RMB	RMB	RMB	RMB
Accounts receivable	6	41,83,477.96	41,64,223.53	(13,76,615.92)	(9,96,990.84)	59,74,094.73

12 Paid in capital

The Company's registered capital structure at 31 December is as follows:

Particulars	2015		2014	
	Amount USD	%	Amount USD	%
Infosys Limited	3,30,00,000.00	100	2,30,00,000.00	100

The Company's paid in capital structure at 31 December is as follows:

Particulars	2015			2014		
	Amount in original currency	Amount in RMB equivalent	%	Amount in original currency	Amount in RMB equivalent	%
	USD			USD		
Infosys Limited	3,30,00,000.00	22,99,80,400.00	100	2,30,00,000.00	16,84,47,400.00	100

Capital contributions in foreign currency have been translated into Renminbi at the exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China.

Certified Public Accountant Ltd have verified the above capital contributions and issued related capital verification reports.

13 Capital reserve

Capital reserve represent accounts payable waived by Infosys Group companies.

14 Operating income

Particulars	2015	2014
	RMB	RMB
Operating income from principal activities		
- Rendering of services	82,55,95,914.16	73,58,32,609.45

15 General and administrative expenses

Particulars	2015	2014
	RMB	RMB
Research and development expenses	–	6,52,55,286.07
Payroll expenses	3,84,13,574.31	2,90,63,752.24
Travel expenses	2,08,99,099.50	1,88,32,546.40
Others	4,75,16,164.18	4,85,22,623.87
Total	10,68,28,837.99	16,16,74,208.58

16 Net financial income / (expenses)

Particulars	2015	2014
	RMB	RMB
Interest income from deposits	7,39,688.70	6,87,744.23
Net exchange (gains) / losses	7,71,311.60	(24,99,353.25)
Total	15,11,000.30	(18,11,609.02)

17 Impairment losses

Particulars	2015	2014
	RMB	RMB
Accounts receivable	62,96,850.17	41,64,223.53

18 Non operating income

Particulars	Note	2015	2014
		RMB	RMB
Government grants	(1)	2,18,11,797.26	80,59,184.88
Gains on disposal of fixed assets		-	1,06,930.81
Others		46,538.70	-
Total		2,18,58,335.96	81,66,115.69

(1) Government grants

Particulars	2015	2014
	RMB	RMB
Sales tax and surcharge refund	17,24,000.00	8,31,000.00
Subsidy on innovation projects	1,00,00,000.00	–
Government grant for training	57,18,720.00	11,94,000.00
Subsidy on import and export contract	28,92,300.00	50,00,000.00
Others	14,76,777.26	10,34,184.88
Total	2,18,11,797.26	80,59,184.88

19 Income tax

(1) Income tax expense for the year represents

Particulars	2015	2014
	RMB	RMB
Changes in deferred tax assets	-	(1,76,56,426.76)

The analysis of deferred tax expense is set out below:

Particulars	2015	2014
	RMB	RMB
Origination and reversal of temporary differences	-	(1,76,56,426.76)

(2) Reconciliation between income tax expense and accounting loss:

Particulars	2015	2014
	RMB	RMB
Losses before taxation	(7,92,61,550.75)	(65,66,632.72)
Expected income tax expense at tax rate of 15% (2014: 12.5%)	(1,18,89,232.62)	(8,20,829.09)
Tax effect of non deductible expenses	3,54,456.95	7,98,761.03
R&D expenses deduction	-	(40,78,460.08)
Unused deductible loss	82,80,946.39	48,35,471.36
Temporary differences for deferred tax assets not recognized	32,53,829.28	1,45,51,834.81
Effect of tax rate difference on origination and reversal of temporary differences	-	23,69,648.73
Income tax expense	-	1,76,56,426.76

In accordance with the accounting policy set out in Note 3(10), the Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB 164,639,295.68 (2014: RMB 85,377,744.93) and deductible temporary difference of RMB 21,692,195.18 (2014: RMB 116,414,678.49) as it is not probable that future taxable profits against which the losses and deductible temporary differences can be utilised will be available before they expire. The deductible tax losses expire within 5 years from the year when such losses were incurred under current tax law.

20 Supplement to income statement

Expenses are analysed by their nature as follows:

	2015	2014
	RMB	RMB
Operating income	82,55,95,914.16	73,58,32,609.45
Less:Employee benefits expenses	(72,05,82,510.03)	(57,97,03,723.50)
Depreciation and amortisation expenses	(1,14,77,605.24)	(1,24,83,928.83)
Rental payments	(4,06,91,983.80)	(2,77,18,067.07)
Financial income (expense)	15,11,000.30	(18,11,609.02)
Other expenses	(15,54,74,702.10)	(12,88,48,029.44)
Operating loss	(10,11,19,886.71)	(1,47,32,748.41)

21 Supplement to cash flow statement

(1) Reconciliation of net loss to cash flows from operating activities:

Particulars	2015	2014
	RMB	RMB
Net loss	(7,92,61,550.75)	(2,42,23,059.48)
Add: Impairment provisions against bad debt	62,96,850.17	41,64,223.53
Depreciation of fixed assets	1,07,64,828.12	1,21,07,732.42
Amortisation of long term deferred expenses	7,12,777.12	3,76,196.41
Losses / (gains) on disposal of fixed assets	5,161.49	(85,322.87)
Decrease in deferred tax assets	-	1,76,56,426.76
Increase in operating receivables	(7,21,86,998.32)	(5,96,84,150.92)
Increase in operating payables	7,33,79,933.21	5,93,71,952.62
Net cash (outflow) / inflow from operating activities	(6,02,88,998.96)	96,83,998.47

(2) Change in cash and cash equivalents:

Particulars	2015	2014
	RMB	RMB
Cash and cash equivalents at the end of the year	5,76,55,291.69	6,36,18,148.02
Less: Cash and cash equivalents at the beginning of the year	(6,36,18,148.02)	(6,16,26,079.26)
Net (decrease) / increase in cash and cash equivalents	(59,62,856.33)	19,92,068.76

(3) Cash and cash equivalents held by the Company are as follows:

Particulars	2015	2014
	RMB	RMB
(a) Cash at bank and on hand - Bank deposits available on demand	5,76,55,291.69	6,36,18,148.02
(b) Closing balance of cash and cash equivalents available on demand	5,76,55,291.69	6,36,18,148.02

22 Segment reporting

The Company has an integrated structure of internal organisation with a set of unified management performance indicators and one internal reporting system for the Company's operations in its entirety. Management reviews the Company's financial information to make decisions about resource allocation and to conduct performance assessments at the overall company level. The Company did not have independently managed operating segments in the current or comparative accounting periods, and consequently, the Company does not present segment reporting data.

Based on the physical location of the assets and the location of the operations to which the assets are allocated, the Company's non current assets (excluding financial assets and deferred tax assets) are all located in one geographical area, being mainland China.

23 Risk analysis and sensitivity analysis for financial instruments

The Company has exposure to the following main risks from its use of financial instruments in the normal course of the Company's operations:

- Credit risk
- Liquidity risk
- Foreign currency risk

This note presents information about the Company's exposure to each of the above risks and their sources, and their changes during the year, as well as the Company's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Company aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The internal audit department of the Company undertakes both regular and ad hoc reviews of risk management controls and procedures.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to cash at bank and receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Company is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

These evaluations focus on the customers' financial position, external ratings of the customers and their bank credit records where available. Receivables are due within 30-60 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Company does not obtain collateral from customers.

The Company's main customers are its India investor and well known international enterprises, and losses have seldom occurred. In monitoring credit risk, customers are grouped according to some factors such as ageing. By the end of 31 December 2015, the Company provided provision for significant overdue accounts receivable. The Company's ageing analysis is disclosed in Note 6(2).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Company does not provide any guarantees which would expose the Company to credit risk.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company is responsible for its own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(3) Foreign currency risk

In respect of cash at bank and on hand, accounts receivables and payables, and other assets and liabilities denominated in foreign currencies other than the functional currency, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

(a) As at 31 December, the Company's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date.

Expressed in Renminbi Yuan

Particulars	2015	
	JPY	USD
Cash at bank and on hand	-	78,98,395.75
Accounts receivable	5,72,598.69	7,08,50,104.77
Accounts payable	-	(2,41,04,208.32)
Net balance sheet exposure	5,72,598.69	5,46,44,292.20

Expressed in Renminbi Yuan

Particulars	2014	
	JPY	USD
Cash at bank and on hand	-	40,03,840.13
Accounts receivable	28,04,616.11	6,25,73,866.29
Accounts payable	-	(1,45,60,134.58)
Net balance sheet exposure	28,04,616.11	5,20,17,571.84

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Company:

Particulars	Average rate		Reporting date mid-spot rate	
	2015	2014	2015	2014
JPY	0.05139	0.05455	0.0539	0.0514
USD	6.2283	6.1080	6.4936	6.1190

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the Japanese Yen and US Dollar at 31 December would have increased (decreased) the Company's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year end date:

Particulars	Equity	Net loss
	RMB	RMB
As at 31 December 2015		
JPY	28,629.94	(28,629.94)
USD	27,32,214.61	(27,32,214.61)
Total	27,60,844.55	(27,60,844.55)
As at 31 December 2014		
JPY	1,40,230.81	(1,40,230.81)
USD	26,00,878.59	(26,00,878.59)
Total	27,41,109.40	(27,41,109.40)

A 5% weakening of the Renminbi against the Japanese Yen and US Dollar at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re measure those financial instruments held by the Company which expose the Company to foreign currency risk at the balance sheet date. The analysis is performed on the same basis for the previous year.

24 Fair value

(1) Fair value measurement

As at 31 December 2015 and 2014, the Company did not have financial instruments carried at fair value.

(2) Fair value of other financial instruments (items not measured at fair value at the end of the year)

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2015 and 2014.

25 Commitments

(1) Capital commitments

As at 31 December, the capital commitments of the Company are summarised as follows:

Item	2015	2014
	RMB	RMB
Contracts for acquisition of fixed assets being or to be executed	35,83,433.87	19,64,247.46

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non cancellable operating leases of properties were payable as follows:

	2015	2014
	RMB	RMB
Within 1 year (inclusive)	5,00,20,618.34	2,08,78,062.95
After 1 year but within 2 years (inclusive)	2,75,14,832.98	43,06,225.40
After 2 years but within 3 years (inclusive)	1,75,87,147.50	13,35,790.50
After 3 years	3,69,96,175.10	55,88,367.60
Total	13,21,18,773.92	3,21,08,446.45

26 Related party relationships and transactions

(1) Information about the parent of the Company is listed as follows:

Company name	Registered place	Business nature	Registered capital	Shareholding percentage	Proportion of voting rights
Infosys Limited	Plot 44,Electronics City, Hosur road, Bangalore, 560100, India	Provision of information technology services and solutions	Rupees 11.48 billion	100%	100%

(2) Transactions with key management personnel

	2015	2014
	RMB	RMB
Remuneration of key management personnel	95,29,555.00	57,05,138.00

(3) Transactions with related parties other than key management personnel

(a) Transaction amounts with related parties:

	2015	2014
	RMB	RMB
Rendering of services	12,31,09,723.79	15,28,00,896.65
Sub contracting services	1,15,34,541.72	1,19,51,037.38

The above transactions with related parties were conducted under normal commercial terms or relevant agreements.

(b) The balances of transactions with related parties as at 31 December are set out as follows:

	2015	2014
	RMB	RMB
Accounts receivable	1,07,06,876.19	1,05,01,784.55
Accounts payable	2,64,42,702.40	1,59,77,820.99

(c) Relationships with the related parties under the transactions stated in (3)(a) & (b) above

Name of the enterprise	Relationship with the Company
Infosys Limited.	Parent company
Lodostone Management Consultants (China) Co. Ltd	Controlled by the same parent company

Infosys Technologies (Shanghai) Co., Ltd.

English translation of financial statements for the year 1 January 2015 to 31 December 2015.

If there is any conflict between the chinese version and its english translation, the chinese version will prevail.

Auditors' report

The Board of Directors of Infosys Technologies (Shanghai) Co., Ltd.:

We have audited the accompanying financial statements of Infosys Technologies (Shanghai) Co., Ltd. ("the Company") which comprise the balance sheet as at 31 December 2015, the income statement, the cash flow statement and the statement of changes in owner's equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and the financial performance and the cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen LLP
Shanghai Branch

Certified Public Accountants
Registered in the People's Republic of China

Mo Haowei

Miao Zhen

China Shanghai
Date: April 29, 2016

Balance sheet

(Expressed in Renminbi Yuan)

	Note	As at 31 December	
		2015	2014
Assets			
Current assets			
Cash at bank and on hand	5	9,36,14,956.08	6,04,82,584.63
Prepayments		4,53,160.58	28,632.28
Other receivables	6	6,27,143.00	1,26,800.00
Other current assets	7	85,25,964.78	56,52,706.87
Total current assets		10,32,21,224.44	6,62,90,723.78
Non current assets			
Fixed assets	8	17,63,285.16	15,51,217.77
Construction in progress	9	57,75,84,165.71	28,88,31,608.45
Intangible assets	10	6,45,26,604.38	6,59,34,540.03
Long term deferred expenses	11	6,59,187.56	9,62,496.48
Total non current assets		64,45,33,242.81	35,72,79,862.73
Total assets		74,77,54,467.25	42,35,70,586.51
Liabilities and owner's equity			
Current liabilities			
Other payables		3,72,95,515.92	2,42,39,606.88
Non current liabilities due within one year	13	6,81,324.00	6,81,324.00
Other current liabilities		7,32,912.50	2,62,461.58
Total current liabilities		3,87,09,752.42	2,51,83,392.46
Non current liabilities			
Other non current liabilities	13	4,55,59,380.00	4,62,40,704.00
Total non current liabilities		4,55,59,380.00	4,62,40,704.00
Total liabilities		8,42,69,132.42	7,14,24,096.46
Owner's equity			
Paid in capital	14	69,60,28,700.00	38,65,23,700.00
Accumulated losses		(3,25,43,365.17)	(3,43,77,209.95)
Total owner's equity		66,34,85,334.83	35,21,46,490.05
Total liabilities and owner's equity		74,77,54,467.25	42,35,70,586.51

These financial statements were approved by the Board of Directors of the Company.

Rangarajan Vellamore Rathangapani
Chief Executive Officer

Ge Jingwei
The person in charge of accounting affairs and the head of the accounting department

The notes form part of these financial statements.

Income statement

(Expressed in Renminbi Yuan)

	Note	Year ended 31 December	
		2015	2014
General and administrative expenses		(61,28,363.69)	(75,62,153.96)
Net financial income / (financial expenses)	15	72,74,799.58	(4,471.28)
Operating profit / (loss)		11,46,435.89	(75,66,625.24)
Add:Non operating income	16	6,87,408.89	41,44,193.25
Profit / (Loss) before income tax		18,33,844.78	(34,22,431.99)
Less:Income tax expense	17	–	–
Net profit / (loss) for the year		18,33,844.78	(34,22,431.99)
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year		18,33,844.78	(34,22,431.99)

The notes form part of these financial statements.

Cash flow statement

(Expressed in Renminbi Yuan)

	Note	Year ended 31 December	
		2015	2014
Cash flows from operating activities:			
Proceeds from other operating activities		6,084.89	41,12,229.11
Sub total of cash inflows		6,084.89	41,12,229.11
Payment to and for employees		–	(22,992.69)
Payment of various taxes		(3,66,448.20)	(7,50,888.57)
Payment for other operating activities		(62,67,440.25)	(48,50,523.89)
Sub total of cash outflows		(66,33,888.45)	(56,24,405.15)
Net cash outflow from operating activities	19(1)	(66,27,803.56)	(15,12,176.04)
Cash flows from investing activities:			
Proceeds from other investing activities		2,14,422.54	–
Sub total of cash inflows		2,14,422.54	–
Payment for acquisition of fixed assets, intangible assets and other long term assets		(27,70,19,624.57)	(11,45,55,287.29)
Sub total of cash outflows		(27,70,19,624.57)	(11,45,55,287.29)
Net cash outflow from investing activities		(27,68,05,202.03)	(11,45,55,287.29)
Cash flows from financing activities :			
Proceeds from investors		30,95,05,000.00	9,21,12,000.00
Sub total of cash inflows		30,95,05,000.00	9,21,12,000.00
Net cash inflow from financing activities		30,95,05,000.00	9,21,12,000.00
Effect of foreign exchange rate changes on cash		70,60,377.04	–
Net increase / (decrease) in cash and cash equivalents	19(2)	3,31,32,371.45	(2,39,55,463.33)
Add : Cash and cash equivalents at the beginning of the year		6,04,82,584.63	8,44,38,047.96
Cash and cash equivalents at the end of the year	19(3)	9,36,14,956.08	6,04,82,584.63

The notes form part of these financial statements.

Statement of changes in owner's equity

(Expressed in Renminbi Yuan)

	Paid-in capital	Accumulated losses	Total
Balance at 1 January 2014	29,44,11,700.00	(3,09,54,777.96)	26,34,56,922.04
Changes in equity during the year			
1. Total comprehensive income	–	(34,22,431.99)	(34,22,431.99)
2. Owners' contributions	9,21,12,000.00	–	9,21,12,000.00
Sub total of 1 to 2	9,21,12,000.00	(34,22,431.99)	8,86,89,568.01
Balance at 31 December 2014	38,65,23,700.00	(3,43,77,209.95)	35,21,46,490.05
Balance at 1 January 2015	38,65,23,700.00	(3,43,77,209.95)	35,21,46,490.05
Changes in equity during the year			
1. Total comprehensive income	–	18,33,844.78	18,33,844.78
2. Owner's contributions	30,95,05,000.00	–	30,95,05,000.00
Sub total of 1 to 2	30,95,05,000.00	18,33,844.78	31,13,38,844.78
Balance at 31 December 2015	69,60,28,700.00	(3,25,43,365.17)	66,34,85,334.83

The notes form part of these financial statements.

Notes to the financial statements

(Expressed in Renminbi Yuan)

1 Company status

Infosys Technologies (Shanghai) Co., Ltd. (the "Company"), is a Limited Liability Company established in Shanghai in the People's Republic of China (PRC). The Company obtained an approval certificate Shang Wai Zi Hu Ming Du Zi Zi [2011] 0512 from the Shanghai Municipal Government on 16 February 2011, and a business license 310000400643765 (Minhang) on 21 February 2011 issued by Shanghai Administration of Industry and Commerce of the PRC. The parent and ultimate holding Company is Infosys Limited (formerly Infosys Technologies Limited).

The Company's Board of Directors resolved to increase the Company's registered capital by USD 130,000,000. The registered capital was increased from USD 20,000,000 to USD 150,000,000. The Company obtained a revised approval certificate Shang Wai Zi Hu Du Zi Zi [2011] 0512 from the Shanghai Municipal Government for the change on 9 August 2012 and a revised business license 310000400643765 (Shiju) on 19 October 2012 issued by Shanghai Administration of Industry and Commerce of the PRC.

The Company's year of operation is 50 years and its principal activities are to carry out research, develop, design, produce software; sale of self produced products; provide related technology consulting services and after sale services; develop computer and network technology; provide testing and maintenance of software solutions; provide business process management. The Company commenced its operations in March 2011.

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the financial position of the Company as at 31 December 2015, and the financial performance and the cash flows of the Company for the year then ended.

(2) Accounting year

The accounting year of the Company is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi.

3 Significant accounting policies and accounting estimates

(1) Translation of foreign currencies

When the Company receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(3) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Company for use in the supply of services or for administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(8)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(8)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self constructed assets includes the cost of materials, direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Company, and the carrying amount of the replaced part is derecognised. The costs of the day to day maintenance of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight line method over its estimated useful life. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	Residual value rate	Depreciation rate
Computer equipment	3 ~ 5 years	–	20% ~ 33%
Office equipment	5 years	–	20%

Useful lives, residual values and depreciation methods are reviewed at least at each year end.

(4) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight line basis over the lease term.

(5) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(8)(b)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight line method over its estimated useful life. The respective amortisation period for such intangible asset is as follows:

	Amortisation period
Land use rights	50 years

(6) Long term deferred expenses

Expenditure incurred with beneficial periods over one year is recognised as long term deferred expenses if the asset recognition criteria are satisfied. Long term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 3(8)(b)).

Long term deferred expenses include leasehold improvement which are amortised on the straight line method over their beneficial period of 2 years.

(7) Financial instruments

Financial instruments include cash at bank and on hand, receivables, payables and paid in capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of a financial instrument.

The Company classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets and other financial liabilities.

The Company did not have any financial assets and financial liabilities at fair value through profit or loss, held to maturity investments or available for sale financial assets in the current or comparative accounting periods.

Financial assets and financial liabilities are measured initially at fair value. The related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Receivables are measured at amortised cost using the effective interest method.
- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Company currently has a legally enforceable right to set off the recognised amounts; and
- the Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Company's contractual rights to the cash flows from the financial asset expire or if the Company transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

(d) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in owner's equity.

Consideration and transaction costs paid by the Company for repurchasing self issued equity instruments are deducted from owner's equity.

(8) Impairment of assets

Except for impairment of assets set out in Note 3(11), impairment of assets is accounted for using the following principles:

(a) Impairment of receivables

The carrying amounts of receivables are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Receivables are assessed for impairment on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognised on receivables, there is a recovery in the value of the receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the receivable's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long term deferred expenses

If any indication exists, the recoverable amount of the asset is estimated.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(9)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are to the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(9) Fair value measurement

Unless otherwise specified, the Company measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Company takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(10) Employee benefits

(a) Short term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post employment benefits defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Company participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(c) Termination benefits

When the Company terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Company cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Company has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(11) Income tax

Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Company has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- they relate to income taxes levied by the same tax authority on either:
- the same taxable entity; or
- different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(12) Provisions

A provision is recognised for an obligation related to a contingency if the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(13) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Company's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Company, the revenue and costs can be measured reliably and the following conditions are met:

(a) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(14) Government grants

Government grants are non reciprocal transfers of monetary or non monetary assets from the government to the Company except for capital contributions from the government in the capacity as an investor in the Company. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of "capital reserve" are also dealt with as capital contributions rather than government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non monetary asset, it is measured at fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight line basis over the useful life of the asset. A grant that compensates the Company for expenses to be incurred in the future is recognised initially as deferred income, and released to profit or loss in the periods in which the expenses are recognised. A grant that compensates the Company for expenses already incurred is recognised in profit or loss immediately.

(15) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(16) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and are similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the financial statements.

(17) Significant accounting estimates and judgements

The preparation of financial statements requires management to make 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 these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Note 22 contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of receivables

As described in Note 3(8)(a), receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Company about loss events such as a significant decline in the estimated future cash flows of an individual debtor or the portfolio of debtors, and significant changes in the financial environment that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(b) Impairment of assets such as fixed assets, intangible assets and long term deferred expenses

As described in Note 3(8)(b), assets such as fixed assets, intangible assets and long term deferred expenses are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the assetgroup) cannot be obtained reliably, and the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised over the asset's generation of cash flow, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of generation of cash flow and related operating expenses based on reasonable and supportable assumptions.

(c) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Notes 3(3), 3(5) and 3(6), fixed assets, intangible assets and long term deferred expenses are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives and amortisation periods of the assets are determined based on historical experience of similar assets and the estimated technical changes.If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

4 Taxation

(1) The types of taxes applicable to the Company's rendering of services include value added tax (VAT) , urban maintenance and construction tax, education levy, local education fee surcharge and riverway management charges, etc.

Tax Name	Tax basis and applicable rate
VAT	Output VAT is 6% of taxable service revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
Urban maintenance and construction tax	5% of VAT paid
Education levy	3% of VAT paid
Local education fee surcharge	2% of VAT paid
Riverway management charges	1% of VAT paid

(2) Income tax

The statutory income tax rate of the Company is 25%. The applicable income tax rate for the year is the statutory rate (2014: 25%). The accumulated tax loss brought forward exceeded the taxable profits for the year, so there is no provision for income tax as at 31 December 2015.

5 Cash at bank and on hand

	2015	2014
	RMB	RMB
Deposits with banks	9,36,14,956.08	6,04,82,584.63

6 Other receivables

(1) Other receivables by customer type:

	2015	2014
	RMB	RMB
Amounts due from others	6,27,143.00	1,26,800.00
Less: Provision for bad and doubtful debts	–	–
Total	6,27,143.00	1,26,800.00

(2) The ageing analysis of other receivables is as follows:

	2015	2014
	RMB	RMB
Within 1 year (inclusive)	5,00,343.00	1,26,800.00
Over 1 year but within 2 years (inclusive)	1,26,800.00	–
Sub total	6,27,143.00	1,26,800.00
Less: Provision for bad and doubtful debts	–	–
Total	6,27,143.00	1,26,800.00

The ageing is counted starting from the date when other receivables are recognised.

7 Other current assets

	2015	2014
	RMB	RMB
Deductible input VAT	85,25,964.78	56,52,706.87

8 Fixed assets

Particulars	Computer equipment	Office equipment	Total
	RMB	RMB	RMB
Cost			
Balance at 1 January 2014	8,35,323.48	29,00,675.12	37,35,998.60
Additions during the year	40,842.74	87,931.62	1,28,774.36
Disposals during the year	(30,400.00)	–	(30,400.00)
Balance at 31 December 2014	8,45,766.22	29,88,606.74	38 34,372.96
Additions during the year	6,75,224.79	4,32,510.53	11,07,735.32
Disposals during the year	(1,24,600.00)	(6,75,766.44)	(8,00,366.44)
Balance at 31 December 2015	13,96,391.01	27,45,350.83	41,41,741.84
Less:Accumulated depreciation			
Balance at 1 January 2014	(7,25,344.48)	(9,12,284.78)	(16,37,629.26)
Charge for the year	(95,351.45)	(5,80,574.48)	(6,75,925.93)
Written off on disposal	30,400.00	–	30,400.00
Balance at 31 December 2014	(7,90,295.93)	(14,92,859.26)	(22,83,155.19)
Charge for the year	(51,967.64)	(5,34,055.17)	(5,86,022.81)
Written off on disposal	1,24,600.00	3,66,121.32	4,90,721.32
Balance at 31 December 2014 and 31 December 2015	(7,17,663.57)	(16,60,793.11)	(23,78,456.68)
Carrying amounts			
At 31 December 2015	6,78,727.44	10,84,557.72	17,63,285.16
At 31 December 2014	55,470.29	14,95,747.48	15,51,217.77

9 Construction in progress

	RMB
Balance at 1 January 2014	15,11,34,576.02
Additions during the year	13,76,97,032.43
Balance at 31 December 2014	28,88,31,608.45
Additions during the year	28,87,52,557.26
Balance at 31 December 2015	57,75,84,165.71

10 Intangible assets

	Land use rights
	RMB
Cost	
Balance at 1 January, 31 December 2014 and 31 December 2015	7,05,40,000.00
*Less:*Accumulated amortisation	
Balance at 1 January 2014	(31,94,620.06)
Charge for the year	(14,10,839.91)
Balance at 31 December 2014	(46,05,459.97)
Charge for the year	(14,07,935.65)
Balance at 31 December 2015	(60,13,395.62)
Carrying amounts	
At 31 December 2015	6,45,26,604.38
At 31 December 2014	6,59,34,540.03

11 Long term deferred expenses

	2015	2014
	RMB	RMB
Leasehold improvement	6,59,187.56	9,62,496.48

12 Deferred tax assets

Deferred tax assets not recognised

In accordance with the accounting policy set our in Note 3(11), the Company has not recognised deferred tax assets in respect of deductible temporary difference and cumulative tax losses of RMB 10,267,624.47 as it is not probable that future taxable profits against which the deductible temporary differences and the losses can be utilized will be available before they expire. (2014: RMB 11,849,337.38).

13 Non-current liabilities due within one year and non-current liabilities

	Subsidy for technological Support
	RMB
Cost	
Balance at the beginning and end of year	4,89,66,000.00
Less:Accumulated amortisation	
Balance at the beginning of year	(20,43,972.00)
Charge for the year	(6,81,324.00)
Balance at the end of year	(27,25,296.00)
Carrying amount	
At the end of the year	4,62,40,704.00
At the beginning of the year	4,69,22,028.00

In January 2012, the Company received a subsidy from Shanghai Zizhu Science based Industrial Park Development Co., Ltd ("Zizhu Park") amounting to RMB 33,896,000.00. The subsidy is intended to provide support for the Company in technological development during its operation. The subsidy is amortised on a straight line basis over the year of operation of 50 years.

In December 2013, the Company received a technical reformation subsidy from Finance Bureau of Shanghai Minhang District amounting to RMB 15,070,000.00. The subsidy is intended to provide support for the project of the software development center of the Company, which is a government grant related to assets. As at 31 December 2015, the project of the software development center is still under construction. As at 31 December 2015 and 31 December 2014, the unamortized subsidies were included in the non current liabilities due within one year and the other non current liabilities.

14 Paid in capital

The Company's registered capital structure at 31 December is as follows:

	2015 & 2014	
	Amount USD	%
Infosys Limited	15,00,00,000.00	100

The Company's paid in capital structure at 31 December is as follows:

	2015			2014		
	Amount in original currency USD	Amount in RMB equivalent	%	Amount in original currency USD	Amount in RMB equivalent	%
Infosys Limited	11,10,00,000.00	69,60,28,700.00	100	6,10,00,000.00	38,65,23,700.00	100

Capital contributions in foreign currency have been translated into Renminbi at the exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China.

Certified Public Accountant have verified the above capital contributions and issued related capital verification reports.

15 Net financial income / (financial expenses)

	2015	2014
	RMB	RMB
Interest income from deposits	2,14,422.54	6,49,359.86
Net exchange gains / (losses)	70,60,377.04	(6,53,831.14)
Total	72,74,799.58	(4,471.28)

16 Non operating income

	2015	2014
	RMB	RMB
Rental subsidy	–	3,450,412.00
Technological support subsidy	6,81,324.00	6,81,324.00
Others	6,084.89	12,457.25
Total	6,87,408.89	41,44,193.25

17 Income tax

(1) Reconciliation between income tax expense and accounting profit / (loss):

	2015	2014
	RMB	RMB
Profit / (losses) before taxation	18,33,844.78	(34,22,431.99)
Expected income tax expense at tax rate of 25%	4,58,461.20	(8,55,608.00)
Unrecognised tax loss	–	15,58,604.89
Unrecognised deductible temporary differences	(63,032.97)	(7,02,996.89)
Tax effect of previously unrecognised tax losses utilised	(3,95,428.23)	–
Income tax expense	–	–

18 Supplement to income statement

Expenses are analysed by their nature as follows:

	2015	2014
	RMB	RMB
Operating income	–	–
Less:Employee benefits expenses	–	13,282.58
Depreciation and amortisation expenses	25,12,508.41	21,81,947.44
Rental payments	11,90,870.75	39,23,021.81
Financial expenses	(72,74,799.58)	4,471.28
Other expenses	24,24,984.53	14,43,902.13
Operating profit / (loss)	11,46,435.89	(75,66,625.24)

19 Supplement to cash flow statement

(1) Reconciliation of net profit / (loss) to cash flows from operating activities:

	2015	2014
	RMB	RMB
Net profit / (loss)	18,33,844.78	(34,22,431.99)
Add:Depreciation of fixed assets	5,86,022.81	6,75,925.93

	2015	2014
	RMB	RMB
Losses on disposal of fixed assets, intangible assets and other long term assets	3,09,645.12	–
Net financial income	(72,74,799.58)	–
Amortisation of land use right	14,07,935.65	14,10,839.91
Amortisation of technological subsidy	(6,81,324.00)	(6,81,324.00)
Amortisation of long term deferred expenses	5,18,549.95	95,181.60
(Increase) / decrease in operating receivables	(37,98,129.21)	17,98,287.14
Increase / (decrease) in operating payables	4,70,450.92	(13,88,654.63)
Net cash outflow from operating activities	(66,27,803.56)	(15,12,176.04)

(2) Change in cash and cash equivalents:

	2015	2014
	RMB	RMB
Cash at the end of the year	9,36,14,956.08	60,482,584.63
Less: Cash at the beginning of the year	(6,04,82,584.63)	(8,44,38,047.96)
Net increase / (decrease) in cash and cash equivalents	3,31,32,371.45	(2,39,55,463.33)

(3) Cash and cash equivalents held by the Company are as follows:

	2015	2014
	RMB	RMB
(a) Cash at bank and on hand		
- Bank deposits available on demand	9,36,14,956.08	6,04,82,584.63
(b) Closing balance of cash and cash equivalents available on demand	9,36,14,956.08	6,04,82,584.63

20 Segment reporting

The Company has an integrated structure of internal organisation with a set of unified management performance indicators and one internal reporting system for the Company's operations in its entirety. Management reviews the Company's financial information to make decisions about resource allocation and to conduct performance assessments at the overall company level. The Company did not have independently managed operating segments in the current or comparative accounting periods, and consequently, the Company does not present segment reporting data.

Based on the physical location of the assets and the location of the operations to which the assets are allocated, the Company's non current assets are all located in one geographical area, being mainland China.

21 Risk analysis and sensitivity analysis for financial instruments

The Company has exposure to the following main risks from its use of financial instruments in the normal course of the Company's operations:

- Liquidity risk

This note presents information about the Company's exposure to each of the above risks and their sources, and their changes during the year, as well as the Company's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Company aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The internal audit department of the Company undertakes both regular and ad hoc reviews of risk management controls and procedures.

(1) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company is responsible for its own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

22 Fair value

(1) Fair value measurement

As at 31 December 2015 and 31 December 2014, the Company did not have financial instruments carried at fair value.

(2) Fair value of other financial instruments (items not measured at fair value at the end of the year)

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2015 and 2014.

23 Commitments

(1) Capital commitments

As at 31 December, the capital commitments of the Company are summarised as follows:

Item	2015	2014
	RMB	RMB
Contracts for construction of building	9,42,51,450.35	34,46,61,662.03
Contracts for purchasing equipment	57,50,447.20	2,89,374.69
Contracts for leasehold improvement	44,47,825.18	–
Total	10,44,49,722.73	34,49,51,036.72

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non cancellable operating leases of properties were payable as follows:

	2015	2014
	RMB	RMB
Within 1 year (inclusive)	36,48,798.00	–
After 1 year but within 2 years (inclusive)	31,65,690.00	–
After 2 years but within 3 years (inclusive)	28,91,298.05	–
After 3 years	54,26,931.74	–
Total	1,51,32,717.79	–

24 Related party relationships and transactions

(1) Information about the parent of the Company is listed as follows:

Company name	Registered place	Business nature	Registered capital	Share holding percentage	Proportion of voting rights
Infosys Limited	Plot 44,Electronics City, Hosur Road, Bangalore 560100, India	Provision of information technology services and solutions	Rupees 5.72 billion	100%	100%

Infosys Public Services, Inc.

Independent Auditors' Report

To the Board of Directors of Infosys Limited

Report on the financial statements

We have audited the accompanying financial statements of Infosys Public Services, Inc., which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income, changes in members' equity and comprehensive income, and the cash flow for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Infosys Public Services, Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Bangalore, India

May 17, 2016

Balance Sheets

Amount in USD

Particulars	Note	As at March 31,	
		2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	2.1	16,575,523	27,841,383
Accounts receivables	2.2	38,622,845	32,328,947
Unbilled revenue		16,858,208	20,412,703
Prepayments and other current assets	2.3	1,441,690	1,616,537
Total current assets		73,498,266	82,199,570
Non-current assets			
Plant and equipment	2.4	218,658	196,594
Deferred tax assets	2.12	3,228,840	2,846,307
Income tax asset		775,876	-
Total non-current assets		4,223,374	3,042,901
Total assets		77,721,640	85,242,471
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	2.5	23,894,678	39,521,044
Unearned revenue		2,088,546	4,829,241
Client deposit		558,668	-
Income tax liabilities		953,171	1,854,536
Employee benefit obligation	2.6	1,133,774	1,223,985
Other liabilities	2.7	7,570,521	12,990,184
Provisions	2.8	563,834	604,219
Total current liabilities		36,763,192	61,023,209
Total liabilities		36,763,192	61,023,209
Stockholders' equity			
(Authorised: 40,000,000 Common Stock, USD 0.50/- par value; Issued and outstanding: 35,000,000 USD 0.5 USD par value per Common stock)		17,500,000	17,500,000
Retained earnings		23,458,448	6,719,262
Total equity		40,958,448	24,219,262
Total liabilities and stockholders' equity		77,721,640	85,242,471

The accompanying notes form an integral part of the financial statements

Statement of Income

Amount in USD

Particulars	Note	Year ended March 31,	
		2016	2015
Revenues		207,852,777	180,789,079
Cost of revenues	2.9	168,336,015	158,133,530
Gross profit		39,516,762	22,655,549
Expenses			
Selling and marketing expenses	2.9	6,110,355	8,182,539
Administrative expenses	2.9	6,057,766	4,953,539
Total operating expenses		12,168,121	13,136,078
Operating profit		27,348,641	9,519,471
Other income/ (expense)	2.10	280,771	(694,271)
Profit before income taxes		27,629,412	8,825,200
Income tax expense	2.12	10,890,226	3,119,378
Net profit for the year		16,739,186	5,705,822

The accompanying notes form an integral part of the financial statements

Statements of changes in stockholders' equity

Amount in USD

	Shares	Stockholders' equity	Retained earnings	Total equity of the Company
Balance as of April 1, 2015	35,000,000	17,500,000	6,719,262	24,219,262
Changes in stockholders' equity for the year ended Mar 31, 2016	–	–	–	–
Net profit for the year	–	–	16,739,186	16,739,186
Balance as of March 31, 2016	35,000,000	17,500,000	23,458,448	40,958,448
Balance as of April 1, 2014	35,000,000	17,500,000	1,013,440	18,513,440
Changes in stockholders' equity for the year ended Mar 31, 2015	–	–	–	–
Net profit for the year	–	–	5,705,822	5,705,822
Balance as of March 31, 2015	35,000,000	17,500,000	6,719,262	24,219,262

The accompanying notes form an integral part of the financial statements

Statements of cash flows

Amount in USD

Particulars	Note	Year ended March 31,	
		2016	2015
Cash flow from operating activities:			
Profit before income taxes		27,629,412	8,825,201
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation		110,163	107,559
Changes in working capital			
Accounts receivables		(6,293,898)	(2,865,342)
Unbilled revenues		3,554,495	(7,096,910)
Prepayments and other assets		174,847	(1,446,762)
Unearned revenues		(2,740,695)	3,471,779
Client deposits		558,668	-
Other liabilities and provisions		(21,176,625)	22,405,262
Cash generated by operating activities		1,816,368	23,400,787
Income taxes paid		(12,950,001)	(2,415,896)
Net cash generated by/ (used in) operating activities		(11,133,633)	20,984,891
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(132,227)	(14,367)
Net cash used in investing activities		(132,227)	(14,367)
Cash flow from financing activities:		-	-
Net increase/(decrease) in cash and cash equivalents		(11,265,860)	20,970,524
Cash and cash equivalents at the beginning of the year		27,841,383	6,870,858
Cash and cash equivalents at the end of the year	2.1	16,575,523	27,841,383

The accompanying notes form an integral part of the financial statements

Notes to the financial statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Public Services Inc. ('the Company') was incorporated on October 9, 2009. The Company is a wholly-owned subsidiary of Infosys Limited, India. The company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to, accounting for costs and efforts expected to be incurred to complete performance under software development arrangements,allowance for uncollectible accounts receivable, future obligations under employee benefit plans, the useful lives of plant and equipment and intangible assets and income tax valuation allowances. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catchup approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

Reimbursements for out-of-pocket expenses are included in revenue in the accompanying statements of operations in accordance with FASB ASC Topic 605-45 (Emerging Issues Task Force Issue No. 01-14 (EITF 01-14)), Revenue Recognition – Principal Agent Considerations.

When the Company receives advances for services and products, such amounts are reported as client deposits until all conditions for revenue recognition are met. The Company accounts for volume discounts and pricing incentives to customers using the guidance in FASB ASC Topic 605-50 (EITF Issue 01-09), Customer Payments and Incentives.

Consistent with the guidance in FASB ASC Topic 605-0-3 (EITF Issue 06-03), Taxes Collected from Customers and Remitted to Governmental Authorities, which became applicable to the company on April 1, 2007, the Company continues to present revenues net of sales and value added taxes in its statement of income.

1.5. Plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation . Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Plant and machinery	5 years
Office Equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use .

The company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Cash and cash equivalents comprise cash and cash on deposit with banks.

1.7 Accounts receivables

Accounts receivable are recorded at the invoiced amount.The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

The Company adopted the provisions of FASB ASC 740 (Formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109). FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax. For the year ended March 31, 2016, the Board of Directors identified no material uncertain income tax positions relevant to the jurisdictions where the Company is required to file income tax returns.

1.10 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 balance sheet date. The methods used to determine fair value include discounted cash flow analysis and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all financial instruments including cash and cash equivalents, trade accounts receivables, prepaid expenses and other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market, is not reasonably estimable. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, and trade accounts receivable. By nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2016 and 2015 there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements, if any. Exposure to credit risk is managed through credit approvals, establishing credit limits and monitoring procedures. The factors which affect the fluctuations in the Company's provisions for bad debts and write-offs of uncollectible accounts include the financial health and economic environment of the clients. The Company specifically identifies the credit loss and then makes necessary provisions.

1.11 Provisions

A provision is recognized if ,as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that amount flow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2. Recent accounting pronouncements

a) The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Company will implement the provisions of ASU 2014-09 as of January 1, 2018. The Company has not yet determined the impact of the new standard on its current policies for revenue recognition.

b) The FASB issued ASU 2016-02, Leases (Topic 842), in February 2016, which supersedes FASI3 ASC Topic 840. Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, leasees to recognize most leases on-balance sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the Company for annual periods in fiscal years beginning after December 15, 2019, permits early adoption, and mandates a modified retrospective transition method. The Company is required to adopt ASU 2016-02 on January 1, 2020, but is evaluating whether to early adopt the new standard. While the Company expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the balance sheets, it is evaluating other effects that the new standard will have on the financial statements.

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Amount in USD

	As at March 31,	
	2016	2015
Cash and bank balances	16,575,523	27,841,383
	16,575,523	27,841,383

The table below provides details of cash and cash equivalents:

Amount in USD

	As at March 31,	
	2016	, 2015
Current accounts		
Bank of America	8,592,911	27,140,288
Royal Bank of Canada	7,982,612	701,095
Total	16,575,523	27,841,383

2.2 Accounts receivables

Accounts receivable as at March 31, 2016 is USD 38,622,845 (previous year - USD 32,328,947), net of allowances recorded of USD 345,507 (previous year - USD 519,895). The Company maintains an allowance for doubtful accounts based on financial condition of the customer and ageing of the accounts receivable. Accounts receivables are not collateralized.

Amount in USD

	As at March 31,	
	2016	2015
Accounts receivables, gross	38,968,351	32,848,842
Less: allowance for doubtful debts	(345,506)	(519,895)
	38,622,845	32,328,947

The age profile of accounts receivable is given below:

Period (in days)	As at March 31,	
	2016	2015
0-30	24,554,220	16,990,779
31-60	11,836,985	10,352,328
61-90	376,819	1,680,046
More than 90	1,854,821	3,305,794
	38,622,845	32,328,947

2.3 Prepayments and other current assets

Prepayments and other current assets consist of the following:

Amount in USD

	As at March 31,	
	2016	2015
Loans and advances to employees	206,661	41,573
Prepaid expenses	889,402	797,004
Advance to vendors	682	148,113
Other current assets	344,945	629,846
	1,441,690	1,616,537

2.4 Plant and equipment

Plant and equipment consists of the following:

Amount in USD

	As of March 31,	
	2016	2015
Computer equipment	615,450	13,847,170
Plant and machinery	10,053	10,053
Office equipment	32,412	29,867
Furniture and fixtures	174,363	174,363
	832,278	14,061,453
Accumulated depreciation	(613,621)	(13,864,859)
Carrying value	218,658	196,594

The depreciation expense amounted to USD 110,163 and USD 107,559 for year ended March 31, 2016 and March 31, 2015 which has been included in cost of sales.

2.5 Accounts payables

Amount in USD

	As at March 31,	
	2016	2015
Dues to related parties (refer note 2.13)	23,841,690	39,515,115
Other accounts payables	52,988	5,929
	23,894,678	39,521,044

2.6 Employee benefit obligation

Amount in USD

	As at March 31,	
	2016	2015
Provision for compensated absences	1,133,774	1,223,985
	1,133,774	1,223,985

2.7 Other liabilities

Other liabilities comprise the following

Amount in USD

	As at March 31,	
	2016	2015
Current		
Accrued expenses*	4,090,335	8,744,384
Rentention money	88,483	211,333
Withholding taxes payable	731,241	354,282
Accrued compensation to staff **	2,041,130	2,975,427
Others	619,332	704,757
	7,570,521	12,990,184

*Provision for expenses primarily consists of cost of technical sub-contractors USD 2,625,677 (previous year - USD 7,031,234), legal and professional charges USD 1,050,525 (previous year - USD 890,215) and others USD 414,133 (previous year -USD 363,015).

**Accrued compensation to staff consists of salary payable USD 363,125 (previous year - USD 882,021) and bonus and incentives payable USD 1,678,005 (previous year - USD 2,093,406).

2.8 Provisions

Provisions comprise the following:

Amount in USD

	As at March 31,	
	2016	2015
Provision for post-sales customer support	563,834	604,219
	563,834	604,219

The movement in provision for post-sales client support and warranties is as follows :

Particulars	As at March 31,	
	2016	2015
Balance at the beginning	604,219	721,321
Provision	209,155	74,047
Provision utilized	-	-
Reversal	249,540	191,149
Balance at the end	563,834	604,219

2.9 Operating expenses

Break up of expenses by nature is as follows:

Amount in USD

	For the year ended March 31,	
	2016	2015
Employee benefit costs	25,197,843	27,153,860
Depreciation	110,163	107,559
Travelling costs	2,513,667	1,969,767
Consultancy and professional charges	1,825,806	1,299,279
Software packages for own use	1,546,312	1,569,969
Cost of technical sub-contractors	8,041,526	16,277,842
Cost of technical sub-contractors - related parties (refer note 2.13)	139,454,132	121,703,664
Rates and taxes	74,696	144,263
Branding and marketing expenses	154,665	243,544

	For the year ended March 31,	
	2016	2015
Provision for post-sales client support	(40,150)	(109,839)
Provision for doubtful account receivables	146,589	304,050
Rent	95,963	285,475
Commission to Non- Executive Director (refer note 2.13)	100,000	100,000
Others	1,282,924	220,175
Total	180,504,136	171,269,608

Break up of expenses by functions is as follows:

Cost of sales

	For the year ended March 31,	
	2016	2015
Employee benefit costs	16,896,524	17,421,142
Depreciation	110,163	107,559
Travelling costs	1,471,119	1,134,396
Software packages for own use	1,546,273	1,569,969
Cost of technical sub-contractors	8,041,526	16,277,842
Cost of technical sub-contractors - related parties (refer note 2.13)	139,454,132	121,703,664
Provision for post-sales client support	(40,150)	(109,839)
Others	856,428	28,797
Total	168,336,015	158,133,530

Selling and marketing expenses

	For the year ended March 31,	
	2016	2015
Employee benefit costs	5,001,537	7,165,115
Travelling costs	871,765	687,058
Consultancy and professional charges	45,770	34,806
Software packages for own use	39	-
Branding and marketing expenses	154,665	243,544
Rent	19,735	21,033
Others	16,844	30,983
Total	6,110,355	8,182,539

Administrative expenses

	For the year ended March 31,	
	2016	2015
Employee benefit costs	3,299,782	2,567,603
Depreciation		
Travelling costs	170,783	148,313
Consultancy and professional charges	1,780,036	1,264,473
Rates and taxes	74,696	144,263
Provision for doubtful account receivables	146,589	304,050
Rent	76,228	264,442
Commission to Non- Executive Director (refer note 2.13)	100,000	100,000
Others	409,652	160,395
Total	6,057,766	4,953,539

2.10 Other income

Other income / (expense) consists of the following:

Amount in USD

	For the year ended March 31,	
	2016	2015
Exchange gains/ (losses)	280,771	(694,271)
	280,771	(694,271)

2.11 Operating leases

Total rental expenses under operating leases was USD 95,963 and USD 285,476 during the year ended March 31 2016 and March 31, 2015 respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Amount in USD

	As at March 31,	
	2016	2015
Within one year of the balance sheet date	263,049	291,131
Due in a period between one year and five years	624,193	821,385
Due after five years	-	-

2.12 Income taxes

Income tax expense comprises:

Amount in USD

	For the year ended March 31,	
	2016	2015
Current tax	11,272,760	4,617,686
Deferred tax	(382,534)	(1,498,308)
Income tax expense	10,890,226	3,119,378

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets as at March 31, 2016 are set forth below:

Amount in USD

Deferred tax assets	As at March 31,	
	2016	2015
Deferred income tax assets		
Plant and equipment	1,122,886	488,304
Compensated absences	453,456	470,010
Accrued compensation	671,122	803,868
Provision for post-sales customer support	137,436	228,365
Accounts receivables	138,186	199,640
Others	705,754	656,120
Total deferred income tax assets	3,228,840	2,846,307

In assessing the realisability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefit of the deductible differences at March 31, 2016. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.13 Related party transactions

(a) The company has identified the following to be related parties.

Key management personnel

Prof. Jeffrey S. Lehman (Non- Executive Director)

Eric Paternoster (Whole Time Director)

Other companies within the group with which there were transactions

Infosys Limited ('IL' - holding company)

Infosys BPO ('IBPO' - fellow subsidiary)

Infosys China ('IC'- fellow subsidiary)

Edgeverve Systems Limited ('EV' - fellow subsidiary)

(b) The details of amounts due to or due from as at March 31, 2016 and March 31, 2015 are as follows:

Amount in USD

Particulars	As at March 31,	
	2016	2015
Trade receivables		
IL	353,489	-
	353,489	-
Trade payables		
IL	23,074,544	39,277,992
IBPO	696,148	237,123
IC	70,998	-
	23,841,690	39,515,115
Other payables		
IL	233,649	699,041
	233,649	699,041
Provision for expenses		
EV	-	529,543
	-	529,543

(c) The details of the related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:

Amount in USD

Particulars	Year ended March 31,	
	2016	2015
Revenue transactions:		
Sale of services		
IL	1,725,907	-
	1,725,907	-
Purchase of services		
IL	136,871,897	120,011,582
IBPO	2,481,036	1,162,539
EV	-	529,543
IC	70,998	-
	139,423,930	121,703,664

The table below describes the compensation to key managerial personnel which comprise directors.

Amount in USD

Particulars	Year ended March 31,	
	2016	2015
Commission and other benefits to non-executive/independent directors	100,000	100,000
Total	100,000	100,000

2.14 Commitments and contingencies

The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no pending matters that are expected to have material effect on these financial statements.

2.15 Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2016 up through May 17, 2016, the date the financial statements were issued. Based on this evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

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Infosys America Inc.

Independent Auditor's report

To the Members of Infosys America Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys America Inc. ('the Company'), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : April 11, 2016

Balance Sheet

in ₹

Particulars	Note	As at March 31,	
		2016	2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	62,61,000	62,61,000
Reserves and surplus	2.2	(4,68,113)	(2,11,141)
		57,92,887	60,49,859
CURRENT LIABILITIES			
Other current liabilities	2.3	2,65,769	46,000
Short-term provisions	2.4	1,06,016	–
		3,71,785	46,000
		61,64,672	60,95,859
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.5	–	46,000
		–	46,000
CURRENT ASSETS			
Cash and cash equivalents	2.6	61,64,672	60,49,859
		61,64,672	60,49,859
		61,64,672	60,95,859
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys America Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

Sandeep Dadlani
Chairman

Manish Tandon
Director

Mohit Joshi
Director

Place : Bangalore
Date : April 11, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended March 31, 2016	Year ended March 31, 2015
Income from software services and products		–	–
Other income		–	–
Total revenue		–	–
Expenses			
Professional charges		3,00,358	1,32,814
Other expenses	2.7	55,061	47,686
Total expenses		3,55,419	1,80,500
PROFIT BEFORE TAX		(3,55,419)	(1,80,500)
Tax expense			
Current tax		2,56,911	–
Deferred tax		–	–
PROFIT FOR THE PERIOD		(6,12,330)	(1,80,500)
PROFIT / (LOSS) PER EQUITY SHARE			
Equity shares of par value USD 10 each			
Basic		(61.23)	(18.05)
Diluted		(61.23)	(18.05)
Number of shares used in computing earnings per share			
Basic		10,000	10,000
Diluted		10,000	10,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Infosys America Inc.

Sandeep Dadlani
Chairman

Manish Tandon
Director

Mohit Joshi
Director

Place : Bangalore
Date : April 11, 2016

Cash Flow Statement

in ₹

Particulars		Year ended March 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(3,55,419)	(1,80,500)
Effect of exchange differences on translation of assets and liabilities		3,55,358	2,52,018
Changes in assets and liabilities			
Liabilities and provisions		2,19,769	–
		2,19,708	71,518
Income taxes paid		1,04,895	–
NET CASH GENERATED BY / (USED) IN OPERATING ACTIVITIES		1,14,813	71,518
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		–	–
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH GENERATED BY / (USED) IN FINANCING ACTIVITIES		–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,14,813	71,518
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		60,49,859	59,78,341
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		61,64,672	60,49,859
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Infosys America Inc.

Sandeep Dadlani
Chairman

Manish Tandon
Director

Mohit Joshi
Director

Place : Bangalore
Date : April 11, 2016

Significant accounting policies and notes on accounts

Company overview

Infosys America Inc. is a wholly-owned subsidiary of Infosys Limited incorporated on 25th June, 2013.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus

1.6 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to statement of profit and loss are credited to the share premium reserve.

1.7 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.8 Cash flow statement

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

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2 Notes on accounts for the year ended March 31, 2016

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized		
10,000 (10,000) equity shares of USD 10 par value	62,61,000	62,61,000
Issued, subscribed and paid-up		
10,000 (10,000) equity shares of USD 10 per share, fully paid up	62,61,000	62,61,000
	62,61,000	62,61,000

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below :

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% held	No. of shares	% held
Infosys Limited	10,000	100%	10,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 are set out below:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning	10,000	62,61,000	10,000	62,61,000
Number of shares at the end	10,000	62,61,000	10,000	62,61,000

2.2 Reserves and surplus

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Foreign currency translation reserve - Opening balance	(15,432)	(2,67,450)
Add: Foreign currency translation during the year	3,55,358	2,52,018
Foreign currency translation reserve - Closing balance	3,39,926	(15,432)
Surplus - Opening Balance	(1,95,709)	(15,209)
Add: Net profit after tax transferred from Statement of Profit and Loss	(6,12,330)	(1,80,500)
Surplus - Closing Balance	(8,08,039)	(1,95,709)
	(4,68,113)	(2,11,141)

2.3 Other current liabilities

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Other liabilities		
Provision for expenses	1,62,337	–
Other payables [1]	1,03,432	46,000
	2,65,769	46,000
[1] *Includes dues to holding company (Refer to Note 2.8)*	1,03,432	46,000

2.4 Short-term provisions

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Income Tax	1,06,016	–
	1,06,016	–

2.5 Long-term loans and advances

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Other loans and advances		
Advance income taxes (net of provisions)	–	46,000
	–	46,000

2.6 Cash and cash equivalents

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Cash on hand	–	–
Balances with banks		
In current and deposit accounts	61,64,672	60,49,859
	61,64,672	60,49,859

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
In current accounts		
Bank of America	61,64,672	60,49,859
Total cash and cash equivalents as per Balance Sheet	61,64,672	60,49,859

2.7 Expenses

in ₹

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Other expenses		
Rates and taxes, excluding taxes on income	23,772	18,771
Bank charges	31,289	28,915
	55,061	47,686

2.8 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31,	
		2016	2015
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brasil
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [1]	Czech Republic
Infosys Poland Sp. z o.o. *(formerly Infosys BPO Poland, Sp. z.o.o)* [1]	Poland
Infosys BPO S. de R. L. de C. V [1][17]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1] [16]	U.S.
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. [3]	U.S.
Infosys Management Consulting Pty Limited. *(formerly Lodestone Management Consultants Pty. Limited)* [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* [3]	Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* [4]	Brazil
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd. [8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO.*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services Inc. incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*
[17] *Liquidated effective March 15, 2016.*

List of key management personnel

Board of Directors

Sandeep Dadlani
Mohit Joshi
Manish Tandon

The details of amounts due to or due from related parties as at March 31, 2016 and March 31, 2015 are as follows:

in ₹

Particulars	as at March 31,	
	2016	2015
Other Payables		
Infosys Limited	1,03,432	46,000

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Infosys Technologia do Brasil Ltda.

Independent Auditor's Report

To the Members of Infosys Technologia do Brasil Ltda.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologia do Brasil Ltda. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

for Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

Balance Sheet

in ₹, except per share data

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,45,61,01,445	1,08,54,71,562
Reserves and surplus	2.2	(70,26,02,525)	(45,48,48,122)
		75,34,98,920	63,06,23,440
CURRENT LIABILITIES			
Short-term borrowings	2.3	–	31,36,54,330
Trade payables	2.4	1,92,60,009	2,25,29,974
Other current liabilities	2.5	26,89,74,870	35,47,74,304
Short-term provisions	2.6	5,79,69,400	11,41,92,112
		34,62,04,279	80,51,50,720
		1,09,97,03,199	1,43,57,74,160
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	7,15,47,636	7,87,41,043
Capital work-in-progress		1,83,133	8,20,322
		7,17,30,769	7,95,61,365
Deferred tax assets (net)	2.9	1,89,01,183	12,11,48,211
Long-term loans and advances	2.10	13,47,81,881	23,03,37,419
		22,54,13,833	43,10,46,995
CURRENT ASSETS			
Trade receivables	2.11	33,88,97,135	42,46,84,736
Cash and cash equivalents	2.12	28,72,34,223	36,69,67,283
Short-term loans and advances	2.13	24,81,58,008	21,30,75,146
		87,42,89,366	1,00,47,27,165
		1,09,97,03,199	1,43,57,74,160
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Legal Administrator

Place : Bangalore
Date : January 11, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from software services		1,76,58,66,952	2,20,34,51,311
Other income	2.14	3,83,42,419	(75,65,240)
Total revenue		1,80,42,09,371	2,19,58,86,071
Expenses			
Employee benefit expenses	2.15	1,12,03,84,591	1,47,30,76,260
Cost of technical sub-contractors	2.15	19,65,16,221	11,95,27,506
Travel expenses	2.15	4,30,67,356	5,54,22,770
Cost of software packages and others	2.15	–	92,507
Communication expenses	2.15	3,59,04,117	4,24,25,788
Professional charges		3,81,94,863	3,09,17,756
Interest expenses		38,21,027	1,88,71,442
Depreciation and amortization expenses	2.7	3,49,57,786	5,06,50,811
Other expenses	2.15	13,13,01,387	12,78,40,451
Total expenses		1,60,41,47,348	1,91,88,25,291
PROFIT BEFORE TAX		20,00,62,023	27,70,60,780
Tax expense			
Current tax	2.16	14,75,69,496	4,55,26,302
Deferred tax	2.16	7,63,56,897	(12,00,80,602)
PROFIT / (LOSS) FOR THE PERIOD		(2,38,64,370)	35,16,15,080
EARNINGS / (LOSS) PER EQUITY SHARE			
Shares of 1 BRL par value each			
Basic		(0.44)	8.79
Number of shares used in computing earnings per share			
Basic		5,43,43,262	4,00,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Legal Administrator

Place : Bangalore
Date : January 11, 2016

Cash Flow Statement

in ₹, except per share data

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,00,62,023	27,70,60,780
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		3,49,57,786	5,06,50,811
Interest and dividend income		(96,92,263)	–
Provision for bad and doubtful debts		1,58,13,942	74,68,557
Loss / (Profit) of sale of tangible assets		3,98,085	–
Provision for post sales client support		(21,26,215)	9,35,201
Interest expense		38,21,027	1,88,71,442
Effect of exchange differences on translation of assets and liabilities		(20,01,94,105)	(4,04,18,180)
Changes in assets and liabilities			
Trade receivables		6,99,73,659	23,51,554
Loans and advances and other assets		2,08,36,045	(3,18,67,501)
Liabilities and provisions		(5,47,49,125)	(8,91,49,249)
		7,91,00,859	19,59,03,415
Income taxes paid		(16,23,00,531)	(8,54,19,636)
NET CASH GENERATED BY OPERATING ACTIVITIES		(8,31,99,672)	11,04,83,779
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(5,09,69,740)	(3,28,71,488)
Interest and dividend received		12,81,826	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(4,96,87,914)	(3,28,71,488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by parent		37,06,29,883	–
Interest expenses		(38,21,027)	–
Loan received / (repaid) from parent		(31,36,54,330)	(3,09,20,208)
NET CASH USED IN FINANCING ACTIVITIES		5,31,54,526	(3,09,20,208)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(7,97,33,060)	4,66,92,083
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		36,69,67,283	32,02,75,200
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		28,72,34,223	36,69,67,283
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Legal Administrator

Place : Bangalore
Date : January 11, 2016

Significant accounting policies

Company overview

Infosys Tecnologia do Brasil Ltda ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to the measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of Indirect taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post sales support for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.7)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows is expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.13 Employee benefits

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except per share data

Particulars	As at December 31, 2015	As at December 31, 2014
Authorized		
Equity shares, BRL1/- par value		
6,00,00,000 (4,00,00,000) shares	1,47,60,65,663	1,08,84,65,663
Issued, subscribed and paid-up		
Equity shares, BRL1/- par value		
5,91,24,349 (4,00,00,000) equity shares fully paid-up	1,45,61,01,445	1,08,54,71,562
	1,45,61,01,445	1,08,54,71,562

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

Name of the shareholder	As at December 31, 2015		As at December 31, 2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited	5,91,24,348	100.00	3,99,99,999	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 are set out below:

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	4,00,00,000	1,08,54,71,562	4,00,00,000	1,08,54,71,562
Add: Shares issued	1,91,24,349	37,06,29,883	–	–

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the end of the period	5,91,24,349	1,45,61,01,445	4,00,00,000	1,08,54,71,562

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Foreign currency translation reserve – opening balance	(5,53,60,683)	(66,50,496)
Add: Foreign currency translation during the year	(22,38,90,033)	(4,87,10,187)
Foreign currency translation reserve – closing balance	(27,92,50,716)	(5,53,60,683)
Surplus – opening balance	(39,94,87,439)	(75,11,02,519)
Add: Net profit after tax transferred from Statement of Profit and Loss	(2,38,64,370)	35,16,15,080
Surplus – closing balance	(42,33,51,809)	(39,94,87,439)
	(70,26,02,525)	(45,48,48,122)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
From related parties – Unsecured (*Refer to Note 2.17*)	–	31,36,54,330
	–	31,36,54,330

2.4 Trade payables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Trade payables (1)	1,92,60,009	2,25,29,974
	1,92,60,009	2,25,29,974

Particulars	As at December 31, 2015	As at December 31, 2014
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	1,32,13,983	2,25,29,974

2.5 Other current liabilities

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Accrued salaries and benefits		
Salaries and benefits	1,68,99,042	–
Bonus and incentives	3,00,16,204	7,74,65,805
Other liabilities		
Provision for expenses	2,43,09,186	2,08,20,506
Withholding and other taxes payable	16,84,35,699	21,27,82,605
Unearned revenue	2,41,60,537	3,11,70,154
Other payables (1)	51,54,202	1,25,35,234
	26,89,74,870	35,47,74,304
(1) *Includes dues to fellow subsidiaries and holding company (Refer to Note 2.17)*	47,81,479	57,53,104

2.6 Short-term provisions

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Provision for employee benefits		
Unavailed leave	5,36,67,349	6,25,21,818
Others		
Income taxes (net of advance tax and tax deducted at source)	–	4,40,69,865
Post-sales client support and warranties and other provisions	43,02,051	76,00,429
	5,79,69,400	11,41,92,112

The movement in provision for post-sales client support and warranties is as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balance at the beginning	76,00,429	71,91,005
Provision recognised / reversed	(21,26,215)	9,35,201
Provision utilized	–	–
Exchange difference during the period	(11,72,163)	(5,25,777)
Balance at the end	43,02,051	76,00,429

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for year ended December 31, 2015:

in ₹ , except as otherwise stated

Particulars	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2015	2,94,22,683	56,10,264	12,00,07,855	10,39,66,646	25,90,07,448
Additions / Adjustments during the year	43,28,135	31,47,719	1,96,94,056	2,42,90,397	5,14,60,307
Deductions / Retirement during the year	93,852	–	–	11,73,974	12,67,826
Forex during the year	(89,08,125)	(23,02,847)	(3,78,95,074)	(3,27,46,546)	(8,18,52,592)
As at December 31, 2015	2,47,48,841	64,55,136	10,18,06,837	9,43,36,523	22,73,47,337
Depreciation and amortization					
As at January 1, 2015	2,03,81,464	19,14,905	8,64,30,802	7,15,39,235	18,02,66,406
For the year	40,22,804	13,15,791	1,57,38,023	1,38,81,168	3,49,57,786
Deductions / Retirement during the year	(82,153)	–	–	(7,91,445)	(8,73,598)
Forex during the year	(67,13,477)	(7,43,803)	(2,78,46,040)	(2,32,47,573)	(5,85,50,893)
As at December 31, 2015	1,76,08,638	24,86,893	7,43,22,785	6,13,81,385	15,57,99,701
Net book value					
As at December 31, 2015	71,40,203	39,68,243	2,74,84,052	3,29,55,138	7,15,47,636

Following are the changes in the carrying value of fixed assets for year ended December 31, 2014:

in ₹ , except as otherwise stated

Particulars	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2014	2,79,00,229	45,68,356	10,32,43,473	10,66,26,967	24,23,39,025
Additions / Adjustments during the year	45,55,122	16,38,682	2,89,68,520	73,64,100	4,25,26,424
Deductions / Retirement during the year	–	–	–	–	–
Forex during the year	(30,32,668)	(5,96,774)	(1,22,04,138)	(1,00,24,421)	(2,58,58,001)
As at December 31, 2014	2,94,22,683	56,10,264	12,00,07,855	10,39,66,646	25,90,07,448
Depreciation and amortization					
As at January 1, 2014	1,66,24,568	9,52,871	7,53,41,510	5,42,62,638	14,71,81,587
For the year	57,27,836	11,42,603	1,95,09,214	2,42,71,158	5,06,50,811
Deductions / Retirement during the year	–	–	–	–	–
Forex during the year	(19,70,940)	(1,80,569)	(84,19,922)	(69,94,561)	(1,75,65,992)
As at December 31, 2014	2,03,81,464	19,14,905	8,64,30,802	7,15,39,235	18,02,66,406
Net book value					
As at December 31, 2014	90,41,219	36,95,360	3,35,77,053	3,24,27,411	7,87,41,043

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation had changed the useful life of certain assets primarily consisiting of buildings and computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows :

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	3,34,22,576	5,19,57,726

in ₹

Lease obligations payable	Year ended December 31,	
	2015	2014
Within one year of the balance sheet date	4,36,77,062	2,53,70,395
Due in a period between one year and five years	10,98,10,603	2,33,77,230

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of five years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Deferred Taxes

in ₹

Particulars	As at December 31,	
	2015	2014
Deferred tax assets		
Fixed assets	1,89,01,183	12,11,48,211
	1,89,01,183	12,11,48,211

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Rental deposits	12,01,680	14,29,800
Security deposits	14,01,960	20,01,720
Other loans and advances		
Capital Advance	78,430	3,29,893
Advance income taxes (net of provisions)	13,20,99,811	22,65,76,006
	13,47,81,881	23,03,37,419

2.11 Trade receivables [(1)]

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	2,61,09,671	65,56,095
Less: Provision for doubtful debts	2,61,09,671	65,56,095
	–	–
Other debts		
Unsecured		
Considered good	33,88,97,135	42,46,84,736
Considered doubtful (Others)	–	81,58,067
	33,88,97,135	43,28,42,803
Less: Provision for doubtful debts (others)	–	81,58,067
	33,88,97,135	42,46,84,736
	33,88,97,135	42,46,84,736
(1) *Includes dues from holding company (Refer to Note 2.17)*	1,63,43,007	3,30,76,562

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Cash on hand	–	–
Balances with banks		
In Current accounts and Deposit accounts	28,72,34,223	36,69,67,283
	28,72,34,223	36,69,67,283

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Citibank SA	12,03,34,223	36,69,67,283
	12,03,34,223	36,69,67,283
In deposit accounts		
Citibank SA	16,69,00,000	–
	16,69,00,000	–
Total cash and cash equivalents as per Balance Sheet	28,72,34,223	36,69,67,283

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	10,34,765	8,29,526
For supply of goods and rendering of services	–	7,68,292
Withholding and other taxes receivable	8,48,65,520	3,81,84,930
Others [(1)]	3,97,59,150	2,10,96,690
	12,56,59,435	6,08,79,438
Unbilled revenues	10,87,67,458	14,67,51,197
Interest accrued but not due	84,10,437	–
Loans and advances to employees		
Salary advances	53,20,678	54,44,511
Rental deposits	–	–
	24,81,58,008	21,30,75,146
(1) *Includes dues from fellow subsidiaries (Refer to Note 2.17)*	3,51,76,634	1,90,73,349

2.14 Other income

in ₹

Particulars	Year ended December 31, 2015	2014
Interest received on deposits with banks and others	96,92,263	–
Miscellaneous income, net	14,56,52,139	80,270
Gains / (losses) on foreign currency, net	(11,70,01,983)	(76,45,510)
	3,83,42,419	(75,65,240)

2.15 Expenses

in ₹

Particulars	Year ended December 31, 2015	2014
Employee benefit expenses		
Salaries and bonus	1,11,40,07,499	1,46,69,21,513
Staff welfare	63,77,092	61,54,747
	1,12,03,84,591	1,47,30,76,260
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	13,13,06,361	11,02,59,639
Technical sub-contractors – others	6,52,09,860	92,67,867
	19,65,16,221	11,95,27,506
Travel expenses		
Overseas travel expenses	4,19,32,861	5,34,16,367
Travelling and conveyance	11,34,495	20,06,403
	4,30,67,356	5,54,22,770
Cost of software packages and others		
For own use	–	92,507
	–	92,507

Particulars	Year ended December 31, 2015	2014
Communication expenses		
Telephone charges	1,57,96,984	1,95,97,121
Communication expenses	2,01,07,133	2,28,28,667
	3,59,04,117	4,24,25,788
Other expenses		
Office maintenance	4,12,71,733	4,45,85,490
Power and fuel	44,21,072	59,67,017
Brand building	19,811	(88)
Rent	3,34,22,576	5,19,57,726
Rates and taxes, excluding taxes on income	3,15,60,419	1,13,15,257
Repairs to plant and machinery	97,441	9,07,165
Computer maintenance	24,33,398	1,27,022
Insurance charges	15,25,369	7,82,558
Provision for post-sales client support and warranties	(21,26,215)	9,35,201
Provision for bad and doubtful debts and advances	1,58,13,942	74,68,557
Bank charges	1,19,674	1,32,274
Miscellaneous expenses	27,42,167	36,62,272
	13,13,01,387	12,78,40,451

2.16 Tax expense

in ₹

Particulars	Year ended December 31, 2015	2014
Current tax		
Income tax	14,75,69,496	4,55,26,302
Deferred tax	7,63,56,897	(12,00,80,602)
	22,39,26,393	(7,45,54,300)

2.17 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31, 2015	2014
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland

Name of fellow subsidiaries	Country
Hafner Bauer & Ödman GmbH [(2)(3)]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [(4)]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [(3)]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [(3)]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [(3)]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [(3)]	Czech Republic
Lodestone Management Consultants GmbH [(3)]	Austria
Lodestone Management Consultants Co., Ltd. [(3)]	China
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)* [(3)]	UK
Lodestone Management Consultants B.V. [(3)]	Netherlands
Lodestone Management Consultants Ltda. [(4)]	Brazil
Lodestone Management Consultants Sp. z o.o. [(3)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)]	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [(3)]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [(3)]	Argentina
Infosys Canada Public Services Ltd. [(8)]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [(9)]	U.S.
Panaya Inc. (Panaya) [(10)]	U.S.
Panaya Ltd. [(11)]	Israel
Panaya Gmbh [(11)]	Germany
Panaya Pty Ltd. [(11)]	Australia
Panaya Japan Co. Ltd. [(11)]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [(12)]	India
Kallidus Inc. (Kallidus) [(13)]	U.S.
Noah Consulting LLC (Noah) [(14)]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [(15)]	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services Inc. incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

List of key management personnel

Legal representative
Claudio Elsas (appointed effective March 25, 2013)

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
		–
Loans		
Infosys Limited	–	31,36,54,330
	–	31,36,54,330
Advance paid		
Lodestone Brazil	–	54,50,585
	–	54,50,585
Trade receivables		
Infosys Limited	1,63,43,007	3,30,76,562
	1,63,43,007	3,30,76,562

Particulars	As at December 31,	
	2015	2014
Other receivables		
Infosys Limited	–	1,34,86,929
Infosys BPO Ltd.	–	1,35,835
Infosys Technologies, Mexico.	1,33,188	–
Infosys BPO Poland Sp. z o.o.	3,15,52,786	–
Lodestone Brazil	34,90,660	–
	3,51,76,634	1,36,22,764
Trade payables		
Infosys Limited	50,68,225	2,25,29,974
Lodestone Brazil	81,45,758	–
	1,32,13,983	2,25,29,974
Other current liabilities		
Infosys Limited	–	5,734
Infosys BPO Ltd.	–	1,26,379
Lodestone Brazil	47,81,479	56,20,991
	47,81,479	57,53,104

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Financing transactions		
Infosys Limited	37,06,29,883	–
	37,06,29,883	–
Loans		
Infosys Limited	(31,36,54,330)	–
	(33,61,98,964)	–
Revenue transactions		
Purchase of services		
Infosys Limited	7,23,16,485	6,49,34,923
Infosys Technologies, Mexico.	58,68,934	–
Lodestone Brazil	5,31,20,942	4,53,24,717
	13,13,06,361	11,02,59,639
Interest expense		
Infosys Limited	38,21,027	1,88,71,442
	38,21,027	1,88,71,442
Sale of services		
Infosys Limited	9,48,62,185	–
Lodestone Brazil	14,00,994	5,27,55,226
	9,62,63,179	5,27,55,226

The details of compensation to key managerial personnel are as follows:

in ₹

Particulars	Year ended December 31	
	2015	2014
Salaries and other employee benefits	1,02,11,734	1,15,70,899
Total	1,02,11,734	1,15,70,899

2.18 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the satatement of profit and loss as per Schedule III to the Companies Act, 2013.

2.19 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective April 1, 2015, the Company reorganized its segment to support its objective of delivery innovation. The structure will help deliver services that will reflect the way technology is consumed in layers by the client's enterprises. However the reorganization did not have any impact in the reportable segments as per AS 17 'Segment reporting'. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Retail, Consumer packaged goods and Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except those mentioned above and India.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the company's offshore software development centres and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. the Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended December 31, 2015 and *December 31, 2014*:

in ₹

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Income from software services	7,07,49,427	1,33,32,63,150	15,96,40,310	16,41,45,936	3,80,68,129	1,76,58,66,952
	3,56,04,482	*1,74,00,34,245*	*18,55,68,366*	*18,11,54,969*	*6,10,89,249*	*2,20,34,51,311*
Identifiable operating expenses	3,76,05,139	77,64,65,620	7,70,14,119	5,37,53,076	2,06,92,977	96,55,30,931
	2,59,59,072	*1,00,07,84,858*	*10,35,56,136*	*10,53,00,879*	*3,97,29,085*	*1,27,53,30,030*
Allocated expenses	1,81,96,932	34,29,18,668	4,10,59,893	4,22,18,752	97,91,220	45,41,85,465
	92,74,546	*45,32,58,343*	*4,83,38,365*	*4,71,88,727*	*1,59,13,027*	*57,39,73,008*
Segmental operating income	1,49,47,356	21,38,78,862	4,15,66,298	6,81,74,108	75,83,933	34,61,50,557
	3,70,864	*28,59,91,044*	*3,36,73,865*	*2,86,65,363*	*54,47,137*	*35,41,48,273*
Unallocable expenses						3,87,78,813
						6,95,22,252
Other income						(10,73,09,720)
						(75,65,240)
Profit before tax						20,00,62,023
						27,70,60,780
Tax expense						22,39,26,393
						(7,45,54,300)
Profit / (Loss) for the year						(2,38,64,370)
						35,16,15,080

Geographic segments

Year ended December 31, 2015 and *December 31, 2014*:

in ₹

Particulars	North America	Europe	Rest of the World	Total
Income from software services	35,39,22,191	68,91,01,545	72,28,43,216	1,76,58,66,952
	30,32,98,698	*1,11,10,05,955*	*78,91,46,658*	*2,20,34,51,311*
Identifiable operating expenses	19,88,99,454	35,72,49,135	40,93,82,342	96,55,30,931
	16,26,31,540	*67,88,28,704*	*43,38,69,786*	*1,27,53,30,030*
Allocated expenses	9,10,29,686	17,72,38,667	18,59,17,112	45,41,85,465
	7,90,05,724	*28,94,03,912*	*20,55,63,372*	*57,39,73,008*
Segmental operating income	6,39,93,051	15,46,13,743	12,75,43,763	34,61,50,557
	6,16,61,434	*14,27,73,339*	*14,97,13,500*	*35,41,48,273*
Unallocable expenses				3,87,78,813
				6,95,22,252
Other income, net				(10,73,09,720)
				(75,65,240)
Profit before tax				20,00,62,023
				27,70,60,780
Tax expense				22,39,26,393
				(7,45,54,300)
Profit / (Loss) for the year				(2,38,64,370)
				35,16,15,080

Infosys Technologies (Australia) Pty. Limited.

Independent Auditor's report

To the Members of Infosys Technologies S. de. R. L. de C.V.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies S. de. R. L. de C.V. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

Balance Sheet

in₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	64,60,49,999	64,60,49,999
Reserves and surplus	2.2	31,77,05,842	21,41,50,732
		96,37,55,841	86,02,00,731
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.4	54,08,155	50,57,626
		54,08,155	50,57,626
CURRENT LIABILITIES			
Trade payables	2.5	19,06,12,972	3,80,09,022
Other current liabilities	2.6	33,08,74,000	17,49,81,291
Short-term provisions	2.7	3,71,04,713	7,75,69,978
		55,85,91,685	29,05,60,291
		1,52,77,55,681	1,15,58,18,648
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	9,56,02,135	10,50,32,202
		9,56,02,135	10,50,32,202
Deferred tax assets (net)	2.3	14,69,25,994	8,02,63,864
Long-term loans and advances	2.10	1,02,00,497	1,42,90,410
		25,27,28,626	19,95,86,476
CURRENT ASSETS			
Trade receivables	2.11	72,33,59,688	44,69,81,452
Cash and cash equivalents	2.12	38,68,81,966	37,30,47,514
Short-term loans and advances	2.13	16,47,85,401	13,62,03,206
		1,27,50,27,055	95,62,32,172
		1,52,77,55,681	1,15,58,18,648
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

For and on behalf of the Board of Directors of
Infosys Technologies S. de. R. L. de C.V.

Ravi Arcot
Legal Representative

Statement of Profit and Loss

in₹

Particulars	Note	Year ended December 31,	
		2015	2014
Income from software services and products	2.14	2,62,65,94,700	2,20,99,76,854
Other income	2.15	2,33,43,584	74,78,212
Total revenue		2,64,99,38,284	2,21,74,55,066
Expenses			
Employee benefit expenses	2.16	1,26,65,53,355	1,49,05,61,265
Cost of technical sub-contractors	2.16	69,48,62,090	13,31,92,539
Travel expenses		7,48,62,637	4,37,19,207
Cost of software packages and others	2.16	17,26,513	9,55,856
Communication expenses	2.16	7,89,55,927	6,92,14,849
Consultancy and professional charges		2,47,10,798	1,40,01,578
Depreciation and amortization expenses	2.8	5,23,51,915	7,18,15,966
Other expenses	2.16	19,31,61,377	18,66,75,171
Total expenses		2,38,71,84,612	2,01,01,36,431
PROFIT BEFORE TAX		26,27,53,672	20,73,18,635
Tax expense			
Current tax	2.17	14,76,60,786	9,87,47,501
Deferred tax	2.17	(7,81,47,655)	(1,74,27,436)
PROFIT FOR THE PERIOD		19,32,40,541	12,59,98,570
EARNINGS PER EQUITY SHARE			
Equity shares of par value MXN 1/- each			
Basic and diluted		1.10	0.72
Number of shares used in computing earnings per share			
Basic and diluted		17,50,00,000	17,50,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

For and on behalf of the Board of Directors of
Infosys Technologies S. de. R. L. de C.V.

Ravi Arcot
Legal Representative

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		26,27,53,672	20,73,18,635
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		5,23,51,915	7,18,15,966
Provision for bad and doubtful debts		2,86,76,190	21,95,474
Effect of exchange differences on translation of assets and liabilities		(8,05,90,638)	(7,00,27,935)
Other non-cash items		3,30,645	(2,17,665)
Changes in assets and liabilities			
Trade receivables		(30,50,54,426)	2,46,97,770
Loans and advances and other assets		(2,79,94,157)	12,83,01,701
Liabilities and provisions		31,61,15,864	(1,91,46,955)
		24,65,89,065	34,49,36,991
Income taxes paid		(18,05,44,542)	92,67,907
NET CASH GENERATED BY OPERATING ACTIVITIES		6,60,44,523	35,42,04,898
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(5,22,10,071)	(1,40,13,085)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(5,22,10,071)	(1,40,13,085)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,38,34,452	34,01,91,813
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		37,30,47,514	3,28,55,701
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		38,68,81,966	37,30,47,514
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

For and on behalf of the Board of Directors of
Infosys Technologies S. de. R. L. de C.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Ravi Arcot
Legal Representative

Place : Bangalore
Date : January 11, 2016

Significant accounting policies

Company overview

Infosys Technologies S. de. R.L. de C.V. ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to the measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue, while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which changes occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years

[1] *For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means that the present value of future cash flows is expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided 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.

1.13 Retirement benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of the Gratuity Plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. Non-monetary assets and monetary liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks

1.18 Leases

Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and Loss account over the lease term.

1.19 Cash flow statement

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

2 Notes on accounts for the year ended December 31, 2015

The previous period's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹

Particulars	As at December 31, 2015	2014
Authorized		
17,50,00,000 (17,50,00,000) equity shares of MXN 1/- par value	64,60,49,999	64,60,49,999
Issued, subscribed and paid-up		
17,50,00,000 (17,50,00,000) equity shares of MXN 1/- par value, fully paid	64,60,49,999	64,60,49,999
	64,60,49,999	64,60,49,999
(Of the above, 17,49,99,990 (17,49,99,990) equity shares are held by the holding company, Infosys Limited)	64,60,49,999	64,60,49,999

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are as follows:

Name of the shareholder	As at December 31, 2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited	17,49,99,990	100	17,49,99,990	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	17,50,00,000	64,60,49,999	17,50,00,000	64,60,49,999
Number of shares at the end	17,50,00,000	64,60,49,999	17,50,00,000	64,60,49,999

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	2014
Foreign currency translation reserve – opening balance	8,45,32,993	16,73,34,371
Add: Foreign currency translation during the year	(8,96,85,431)	(8,28,01,378)
Foreign currency translation reserve – closing balance	(51,52,438)	8,45,32,993
Surplus – opening balance	12,96,17,739	36,19,169
Add: Net profit after tax transferred from Statement of Profit and Loss	19,32,40,541	12,59,98,570
Surplus – closing balance	32,28,58,280	12,96,17,739
	31,77,05,842	21,41,50,732

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2015	2014
Deferred tax assets		
Fixed assets	5,21,79,918	1,62,01,252
Compensated absences	1,04,71,821	1,22,21,120
Trade receivables	4,16,01,090	–
Accrued compensation to employees	81,04,002	–
Post-sales client support	5,45,688	3,44,858
Other assets	3,40,23,475	5,14,96,634
	14,69,25,994	8,02,63,864

2.4 Other long-term liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Others		
Accrued gratuity	54,08,155	50,57,626
	54,08,155	50,57,626

2.5 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade Payables [(1)]	19,06,12,972	3,80,09,022
	19,06,12,972	3,80,09,022
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.20)*	19,04,94,477	3,27,00,836

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	1,18,10,257	27,39,368
Bonus and incentives	4,94,48,635	4,13,39,779
Unearned revenue	1,57,23,703	1,47,71,120
Other liabilities		
Provision for expenses	10,13,43,106	2,00,17,147
Withholding and other taxes payable	15,16,10,455	8,83,89,461
Advances received from clients	8,03,993	–
Other Payables[(1)]	1,33,851	77,24,416
	33,08,74,000	17,49,81,291
[(1)] *Includes dues to holding company (Refer to Note 2.20)*	–	5,75,744

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	2,61,79,552	1,90,06,254
Other provisions		
Income taxes (net of advance tax and TDS)	95,60,940	5,76,25,526
Post-sales client support and warranties and others	13,64,221	9,38,198
	3,71,04,713	7,75,69,978

Post-sales client support and warranties and others

in ₹

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	9,38,198	11,31,585
Provision recognized (reversal)	3,30,645	(2,17,665)
Provision utilized	–	–
Exchange difference during the period	95,378	24,278
Balance at the end	13,64,221	9,38,198

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.8 Fixed assets

The changes in the carrying value of fixed assets for the year ended December 31, 2015 are as follows :

in ₹

Particulars	Tangible assets				
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2015	5,89,09,299	2,59,29,600	19,16,85,609	18,87,52,363	46,52,76,871
Additions during the year	1,09,287	57,82,212	4,61,25,142	–	5,20,16,641
Exchange differences	(56,19,440)	(27,06,433)	(1,90,61,092)	(1,79,97,319)	(4,53,84,284)
As at December 31, 2015	5,33,99,146	2,90,05,379	21,87,49,659	17,07,55,044	47,19,09,228
Depreciation and amortization					
As at January 1, 2015	3,94,87,597	1,52,89,337	16,26,47,593	14,28,20,142	36,02,44,669
For the year	99,36,879	38,62,031	2,17,75,849	1,67,77,156	5,23,51,915
Exchange differences	(41,97,648)	(16,10,562)	(1,60,78,471)	(1,44,02,810)	(3,62,89,491)
As at December 31, 2015	4,52,26,828	1,75,40,806	16,83,44,971	14,51,94,488	37,63,07,093
Net book value					
As at December 31, 2015	81,72,318	1,14,64,573	5,04,04,688	2,55,60,556	9,56,02,135

The changes in the carrying value of fixed assets for the year ended December 31, 2014 are as follows :

in ₹

Particulars	Tangible assets				
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2014	6,49,37,227	2,51,18,513	20,17,94,978	20,66,48,364	49,84,99,082
Additions during the year	–	34,20,310	92,06,632	13,76,306	1,40,03,248
Exchange differences	(60,27,928)	(26,09,223)	(1,93,16,001)	(1,92,72,307)	(4,72,25,459)
As at December 31, 2014	5,89,09,299	2,59,29,600	19,16,85,609	18,87,52,363	46,52,76,871
Depreciation and amortization					
As at January 1, 2014	2,69,08,588	1,23,63,928	15,53,46,050	12,82,62,153	32,28,80,719
For the year	1,60,68,985	43,33,172	2,32,24,410	2,81,89,399	7,18,15,966
Exchange differences	(34,89,976)	(14,07,763)	(1,59,22,867)	(1,36,31,410)	(3,44,52,016)
As at December 31, 2014	3,94,87,597	1,52,89,337	16,26,47,593	14,28,20,142	36,02,44,669
Net book value					
As at December 31, 2014	1,94,21,702	1,06,40,263	2,90,38,016	4,59,32,221	10,50,32,202

During June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

2.9 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows :

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	11,36,45,537	11,95,21,423

in ₹

Lease obligations payable	As at December 31,	
	2015	2014
Within one year of the Balance Sheet date	11,09,85,053	11,93,34,629
Due in a period between one year and five years	21,30,54,054	34,86,72,482

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of five years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Rental deposits	40,45,006	43,37,209
Security deposits	24,15,171	27,11,006
Capital advance	1,93,430	-
Advance income taxes (net of provisions)	35,46,890	72,42,195
	1,02,00,497	1,42,90,410
Unsecured, considered doubtful		
Loans and advances to employees	3,67,778	–
Less : Provision for doubtful loans and advances to employees	3,67,778	–
	1,02,00,497	1,42,90,410

2.11 Trade receivables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	33,15,568	–
Less: Provision for doubtful debts	33,15,568	–
	–	–
Other debts		
Unsecured		
Considered good [1]	76,03,79,850	45,92,94,895
Less: Provision for doubtful debts	3,70,20,162	1,23,13,443
	72,33,59,688	44,69,81,452
	72,33,59,688	44,69,81,452
[1] *Includes dues from holding company and fellow subsidiary (Refer to Note 2.20)*	75,14,489	1,43,26,920

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balances with banks		
In current and deposit accounts	38,68,81,966	37,30,47,514
	38,68,81,966	37,30,47,514

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
In current accounts		
Bank of America	26,29,02,340	27,84,71,994
Banamex	64,88,622	42,91,106
Citi Banamex	9,90,03,500	8,38,14,634
Citi Banamex – USD account	1,84,87,504	64,69,780
	38,68,81,966	37,30,47,514

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Others		
Prepaid expenses	3,28,12,114	2,66,71,004
For supply of goods and rendering of services	5,272	5,22,764
Withholding and other taxes receivable	–	–
Others [1]	1,87,79,071	1,94,75,147
	5,15,96,457	4,66,68,915
Unbilled revenues [2]	10,70,54,636	7,58,60,474
Loans and advances to employees		
Salary advances	49,59,877	1,31,41,739
Rental deposits	11,74,431	5,32,078
	16,47,85,401	13,62,03,206
[1] *Includes due from holding company and fellow subsidiary (Refer to Note 2.20)*	1,59,46,821	1,75,43,105
[2] *Includes due from fellow subsidiary (Refer to Note 2.20)*	51,00,213	82,67,497

2.14 Income from software services and products

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2,014
Income from software services	2,59,26,47,060	2,13,04,88,298
Income from software products	3,39,47,640	7,94,88,556
	2,62,65,94,700	2,20,99,76,854

2.15 Other income

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2,014
Interest received on deposits with banks and others	2,45,647	52
Gains / (losses) on foreign currency, net	2,30,97,937	74,78,160
	2,33,43,584	74,78,212

2.16 Expenses

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Employee benefit expenses		
Salaries and bonus	126,27,53,881	148,84,68,759
Staff welfare	37,99,474	20,92,506
	126,65,53,355	149,05,61,265
Cost of technical sub-contractors		
Technical sub-contractors – holding company and fellow subsidiary	48,09,89,969	10,73,96,612
Technical sub-contractors – others	21,38,72,121	2,57,95,927
	69,48,62,090	13,31,92,539
Cost of software packages and others		
For own use	13,85,092	9,55,856
Third party items bought for service delivery to clients	3,41,421	–
	17,26,513	9,55,856
Communication expenses		
Telephone charges	77,12,797	91,92,748
Communication expenses	7,12,43,130	6,00,22,101
	7,89,55,927	6,92,14,849
Other expenses		
Office maintenance	3,18,16,624	3,36,27,953
Power and fuel	78,13,439	1,25,42,821
Brand building	62,026	1,68,820
Rent	11,36,45,537	11,95,21,423
Rates and taxes, excluding taxes on income	7,35,825	74,33,862
Repairs to building	–	(21,480)
Repairs to plant and machinery	9,44,553	11,42,904
Computer maintenance	25,75,675	58,23,304
Consumables	17,65,591	11,05,213
Insurance charges	11,19,480	8,53,923
Provision for post-sales client support and warranties	3,30,645	(2,17,665)
Provision for bad and doubtful debts and advances	2,90,47,808	21,95,474

Particulars	Year ended December 31,	
	2015	2014
Auditor's remuneration		
Statutory audit fees	16,16,428	16,29,778
Bank charges	1,57,551	1,22,102
Miscellaneous expenses	15,30,195	7,46,739
	19,31,61,377	18,66,75,171

2.17 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2,014
Current tax		
Income taxes	14,76,60,786	9,87,47,501
Deferred taxes	(7,81,47,655)	(1,74,27,436)
	6,95,13,131	8,13,20,065

During the year ended December 31, 2015, the Company had a provision for tax (net of provisions) of ₹1,65,79,126, pertaining to tax relating to prior years. During the year ended December 31, 2014, the Company had a reversal (net of provisions) of ₹58,72,360, pertaining to tax relating to prior years.

2.18 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.19 Contingent liabilities and commitments (to the extent not provided for)

in ₹

Particulars	As at December 31,	
	2015	2014
Commitments:		
Estimated amount of unexecuted capital contracts		
(net of advances and deposits)	94,70,087	77,55,214
	94,70,087	77,55,214

2.20 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC(1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil

Name of fellow subsidiaries	Country
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd.(11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(15) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Limited	79,94,725	81,35,080
Infosys BPO Limited	(3,47,048)	61,91,840
Infosys Brasil	(1,33,188)	–
	75,14,489	1,43,26,920
Other receivables		
Infosys Limited	1,58,40,205	1,90,91,065
Infosys BPO Limited	1,06,616	(15,47,960)
	1,59,46,821	1,75,43,105
Trade payables		
Infosys Limited	13,93,37,573	3,27,00,836
Lodestone USA	5,00,90,733	–
Infosys BPO Limited	10,66,171	–
	19,04,94,477	3,27,00,836
Other payables		
Infosys Limited	–	5,75,744
	–	5,75,744
Unbilled revenues		
Infosys Consulting AG	–	82,67,497
Panaya Limited	51,00,213	–
	51,00,213	82,67,497

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions		
Purchase of services		
Infosys Limited	30,42,32,769	10,73,96,612
Lodestone USA	17,23,05,016	–
Infosys BPO	44,52,184	–
	48,09,89,969	10,73,96,612
Sale of services		
Infosys Limited	10,77,05,194	10,13,73,547
Infosys BPO	1,66,31,947	62,25,711
Infosys Consulting AG	22,67,174	87,82,384
Panaya Limited	71,161	–
Infosys Brasil	58,98,691	–
	13,25,74,167	11,63,81,642
Intercompany professional charges		
Panaya Limited	51,65,768	–
	51,65,768	–

2.21 List of key management personnel

Legal representative
Balashankar Madhavarao (from January 1, 2014 to September 14, 2014)
Ravi Arcot (from September 15, 2014 to December 31, 2015)

The details of compensation to key managerial personnel which comprise directors and executive officers are as follows:

in ₹

Particulars	Year ended December 31	
	2015	2014
Salaries and other employee benefits	1,01,96,655	1,38,70,620
Total	1,01,96,655	1,38,70,620

2.22 Research and development expenditure

in ₹

Particulars	Year ended December 31,	
	2015	2014
R&D expenditure		
Revenue	–	1,22,927
	–	1,22,927

2.23 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective April 1, 2015, the Company reorganized its segments to support its objective of delivery innovation. This structure will help deliver services that will reflect the way technology is consumed in layers by the client's enterprise. However, the reorganization did not have any impact in the reportable segments as per AS 17 – 'Segment reporting'. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the *Significant Accounting Policies*.

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), Manufacturing (MFG), the Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL) and Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprises all other places except those mentioned above and India.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended December 31, 2015 and *December 31, 2014* :

in ₹

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Income from software services and products	76,02,59,646	36,90,07,058	123,63,28,333	24,83,41,320	1,26,58,343	262,65,94,700
	83,70,03,485	*26,94,76,453*	*100,02,30,466*	*7,85,03,050*	*2,47,63,400*	*220,99,76,854*
Identifiable operating expenses	37,95,31,301	18,91,92,746	88,84,08,851	23,38,15,147	80,03,230	169,89,51,275
	46,50,51,660	*16,56,34,332*	*56,80,86,606*	*3,42,10,409*	*1,21,19,535*	*124,51,02,542*
Allocated expenses	18,40,53,895	8,93,34,199	29,93,07,015	6,01,21,812	30,64,502	63,58,81,423
	26,25,48,368	*8,45,28,445*	*31,37,48,845*	*2,46,24,566*	*77,67,699*	*69,32,17,923*
Segmental operating income	19,66,74,449	9,04,80,113	4,86,12,468	(4,55,95,638)	15,90,611	29,17,62,003
	10,94,03,457	*1,93,13,676*	*11,83,95,015*	*1,96,68,075*	*48,76,166*	*27,16,56,389*
Unallocable expenses						5,23,51,915
						7,18,15,966
Other income						2,33,43,584
						74,78,212
Profit before tax						26,27,53,672
						20,73,18,635
Tax expense						6,95,13,131
						8,13,20,065
Profit for the year						19,32,40,541
						12,59,98,570

Geographic segments

Year ended December 31, 2015 and *December 31, 2014* :

in ₹

Particulars	North America	Europe	Rest of the World	Total
Income from software services and products	241,22,36,748	15,98,06,678	5,45,51,274	262,65,94,700
	199,82,17,163	*12,58,27,895*	*8,59,31,796*	*220,99,76,854*
Identifiable operating expenses	159,78,80,941	7,93,92,376	2,16,77,958	169,89,51,275
	114,89,16,455	*5,63,56,628*	*3,98,29,459*	*124,51,02,542*
Allocated expenses	58,39,86,762	3,86,88,153	1,32,06,507	63,58,81,422
	62,67,93,873	*3,94,69,260*	*2,69,54,790*	*69,32,17,923*
Segmental operating income	23,03,69,045	4,17,26,149	1,96,66,809	29,17,62,003
	22,25,06,834	*3,00,02,007*	*1,91,47,548*	*27,16,56,389*
Unallocable expenses				5,23,51,915
				7,18,15,966
Other income, net				2,33,43,584
				74,78,212
Profit before tax				26,27,53,672
				20,73,18,635
Tax expense				6,95,13,131
				8,13,20,065
Profit for the year				19,32,40,541
				12,59,98,570

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Infosys Technologies (Sweden) AB.

Independent Auditor's Report

To the Members of Infosys Technologies (Sweden) AB.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (Sweden) AB. ('the Company'), which comprises the Balance sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	6,53,000	6,53,000
Reserves and surplus	2.2	(41,12,70,977)	1,34,59,786
		(41,06,17,977)	1,41,12,786
CURRENT LIABILITIES			
Short-term borrowings	2.3	23,31,35,352	–
Trade payables	2.4	33,42,61,015	5,58,452
Other current liabilities	2.5	14,73,45,084	4,00,85,120
Short-term provisions	2.6	6,06,13,860	1,60,57,288
		77,53,55,311	5,67,00,860
		36,47,37,334	7,08,13,646
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.7	50,08,287	32,76,151
		50,08,287	32,76,151
CURRENT ASSETS			
Trade receivables	2.8	16,93,01,055	4,07,31,826
Cash and cash equivalents	2.9	3,53,66,986	2,25,83,921
Short-term loans and advances	2.10	15,50,61,006	42,21,748
		35,97,29,047	6,75,37,495
		36,47,37,334	7,08,13,646
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Technologies (Sweden) AB

M. Rathnakar Kamath
Partner
Membership number : 202841

Rajesh Krishnamurthy
Chairman

Mohit Joshi
Director

Bangalore
January 11, 2016

Eric Paternoster
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from software services		82,72,85,620	40,41,22,764
Other income	2.12	(56,21,518)	(2,30,354)
Total revenue		82,16,64,102	40,38,92,410
Expenses			
Employee benefit expenses	2.13	58,92,61,861	35,80,20,306
Cost of technical sub-contractors	2.13	37,86,11,025	1,11,54,125
Consumables		1,13,01,760	364
Computer maintenance		9,35,53,008	–
Rent		2,11,25,222	1,32,52,863
Travel expense		14,52,250	9,69,322
Communication expenses	2.13	5,20,11,274	21,21,491
Consultancy and professional charges		4,01,38,304	77,50,817
Finance cost		50,99,306	–
Other expenses	2.13	3,52,16,769	27,63,753
Total expenses		1,22,77,70,779	39,60,33,041
PROFIT BEFORE TAX		(40,61,06,677)	78,59,369
Tax expense			
Current tax	2.14	54,622	16,95,327
PROFIT / (LOSS) FOR THE YEAR		(40,61,61,299)	61,64,042
EARNINGS / (LOSS) PER EQUITY SHARE			
Equity shares of par value SEK 100/- each			
Basic and diluted		(4,06,161)	6,164
Number of shares used in computing earnings per share			
Basic and diluted		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Technologies (Sweden) AB

M. Rathnakar Kamath
Partner
Membership number : 202841

Bangalore
January 11, 2016

Rajesh Krishnamurthy
Chairman

Mohit Joshi
Director

Eric Paternoster
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(40,61,06,677)	78,59,369
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(704)	(7,744)
Provision for post-sales client support and warranties		3,04,68,150	–
Effect of exchange differences on translation of assets and liabilities		(1,85,69,464)	(26,30,289)
Changes in assets and liabilities			
Trade receivables		(12,85,69,229)	(3,76,84,467)
Loans and advances and other assets		(15,08,39,258)	(29,10,741)
Liabilities and provisions		45,65,00,029	4,91,68,361
		(21,71,17,153)	1,37,94,489
Income tax paid		(32,35,838)	23,598
NET CASH GENERATED BY OPERATING ACTIVITIES		(22,03,52,991)	1,38,18,087
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		704	7,985
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		704	7,985
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan taken from parent company		23,31,35,352	–
NET CASH USED IN FINANCING ACTIVITIES		23,31,35,352	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,27,83,065	1,38,26,072
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,25,83,921	87,57,849
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,53,66,986	2,25,83,921
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Infosys Technologies (Sweden) AB

M. Rathnakar Kamath
Partner
Membership number : 202841

Bangalore
January 11, 2016

Rajesh Krishnamurthy
Chairman

Mohit Joshi
Director

Eric Paternoster
Director

Significant accounting policies

Company overview

In March 2009, Infosys Limited incorporated a wholly-owned subsidiary in Sweden ('the Company'), which also has a branch in Norway as Infosys Technologies (Sweden) AB Norway. The Company provides end-to-end business solutions that leverage technology to enhance clients' business performance. The Company provides solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent Notified) and the guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes and post-sales customer support.

Accounting estimates could change periodically. Actual results could differ from those estimates. Appropriate changes in estimates are made based on changes in circumstances surrounding the estimates and reflected with material effects, if any, in the financial statements.

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which changes occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.8 Impairment

The Management periodically assesses, using external and internal sources, that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.9 Retirement benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method based on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.10 Foreign currency transactions

Foreign-currency-denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements in Indian rupees is performed for monetary assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.11 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a yearly basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter, a deferred tax asset or liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

1.12 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash-on-deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.14 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such acquired assets are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

1.15 Cash Flow Statement

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

1.16 Post-sales client support and warranties

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and are reviewed annually for any material changes in assumptions and likelihood of occurrence.

2 Notes to accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2015	As at December 31, 2014
Authorized		
4,000 (4,000) shares of SEK 100/- par value	26,12,000	26,12,000
Issued, subscribed and paid-up		
1,000 (1,000) shares of SEK 100/- par value, fully paid	6,53,000	6,53,000
	6,53,000	6,53,000

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 is as follows:

Name of the shareholder	As at December 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited	1,000	100	1,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2015 and December 31, 2014 is as follows:

Particulars	As at December 31, 2015		As at December 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,000	6,53,000	1,000	6,53,000
Shares outstanding at the end of the year	1,000	6,53,000	1,000	6,53,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	18,36,458	44,66,747
Add: Foreign currency translation during the year	(1,85,69,464)	(26,30,289)
Foreign currency translation reserve – closing balance	(1,67,33,006)	18,36,458
Surplus – opening balance	1,16,23,328	54,59,286
Add: Net profit after tax transferred from Statement of Profit and Loss	(40,61,61,299)	61,64,042
Surplus – closing balance	(39,45,37,971)	1,16,23,328
	(41,12,70,977)	1,34,59,786

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2015	2014
From related parties – Unsecured (1)	23,31,35,352	–
(1) *Includes dues from holding company (Refer to Note 2.16)*	23,31,35,352	–

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables (1)	33,42,61,015	5,58,452
(1) *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.16)*	32,51,83,996	–

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	–	2,14,051
Bonus and incentives	80,08,070	67,43,738
Other liabilities		
Provision for expenses (1)	5,70,50,467	2,12,66,167
Withholding and other taxes payable	4,28,64,055	1,18,61,164
Other payables	3,94,22,492	–
	14,73,45,084	4,00,85,120
(1) *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	–	1,11,60,298

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	2,54,92,965	1,46,08,211
Other provisions		
Income tax (net of advance tax and tax deducted at source)	(3)	14,49,077
Provision for post-sales client support and warranties	3,51,20,898	–
	6,06,13,860	1,60,57,288

Provision for post-sales client support and warranties and other provisions

The movement in the provision for post-sales client support and warranties and other provisions is as follows:

Particulars	As at December 31,	
	2015	2014
Balance at the beginning	–	–
Provision recognized / (reversal)	3,04,68,150	–
Provision utilized	–	–
Exchange difference during the period	46,52,748	–
Balance at the end	3,51,20,898	–

Provision for post-sales client support and warranties and other provisions is expected to be utilized over a period of six months to one year.

2.7 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Other loans and advances		
Advance income taxes	50,08,287	32,76,151
	50,08,287	32,76,151

2.8 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Debts outstanding for a period not exceeding six months		
Unsecured		
Considered good (1)	16,93,01,055	4,07,31,826
	16,93,01,055	4,07,31,826
(1) *Includes dues from holding company (Refer to Note 2.16)*	6,98,68,648	4,07,31,826

2.9 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balances with banks		
In current and deposit accounts	3,53,66,986	2,25,83,921
	3,53,66,986	2,25,83,921

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
In current accounts		
Nordea bank, Sweden	3,51,64,489	2,25,25,586
Svenska Handelsbanken, Sweden	2,02,497	1,340
BNP Paribus	–	56,995
Total cash and cash equivalents as per Balance Sheet	3,53,66,986	2,25,83,921

2.10 Short-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	56,01,147	12,95,100
For supply of goods and rendering of services	–	5,162
Withholding and other taxes receivable	3,87,27,084	29,21,486
Others [(1)]	5,87,80,571	–
	10,31,08,802	42,21,748
Unbilled revenues	5,19,52,204	–
	15,50,61,006	42,21,748
[(1)] *Includes dues from holding company (Refer to Note 2.16)*	5,85,37,672	–

2.11 Leases

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Lease rentals recognized during the year	2,11,25,222	1,32,52,863

in ₹

Lease obligations payable	As at December 31, 2015	As at December 31, 2014
Within one year of the Balance Sheet date	1,32,47,881	1,54,06,801
Due in a period between one year and five years	10,52,98,345	4,71,87,469
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of four years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.12 Other income

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Interest received on deposits with banks and others	704	7,744
Gains / (losses) on foreign currency, net	(56,22,222)	(2,38,098)
	(56,21,518)	(2,30,354)

2.13 Expenses

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	58,89,12,674	35,76,79,320
Staff welfare	3,49,187	3,40,986
	58,92,61,861	35,80,20,306
Cost of technical sub-contractors		
Technical sub-contractors – related parties	36,75,83,920	1,11,54,125
Technical sub-contractors – others	1,10,27,105	–
	37,86,11,025	1,11,54,125
Communication expenses		
Telephone charges	58,37,733	5,77,516
Communication expenses	4,61,73,541	15,43,975
	5,20,11,274	21,21,491
Other expenses		
Office maintenance	19,32,430	8,09,888
Rates and taxes, excluding taxes on income	3,37,302	1,818
Insurance charges	1,04,401	19,616
Provision for post-sales client support and warranties	3,04,68,150	–
Auditor's remuneration		
Statutory audit fees	11,98,639	16,24,245
Bank charges	1,40,937	75,382
Miscellaneous	10,34,910	2,32,804
	3,52,16,769	27,63,753

2.14 Tax expense

in ₹

	Year ended December 31, 2015	Year ended December 31, 2014
Current tax		
Income taxes	54,622	16,95,327
	54,622	16,95,327

2.15 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.16 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31, 2015	Holding as at December 31, 2014
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s.r.o)* [1]	Czech Republic
Infosys BPO (Poland) Sp. z.o.o.[1]	Poland
Infosys BPO S. de R. L. de C. V. [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Ltd[1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC.[1] [16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants Portugal, Unipessoal, LDA [3]	Portugal
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [3]	Germany
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd.) [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	UK
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z. o.o. [3]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
SC Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Canada Public Services Ltd.[8]	Canada
Infosys Nova Holdings LLC. (Infosys Nova)[9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya GmbH [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Consulting LLC (Noah) [14]	U.S.
Noah Information Management Consulting Inc (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*

List of key management personnel

Name	Designation
Mohit Joshi	Director
Eric S. Paternoster	Director
Rajesh K. Murthy	Chairman

The details of amounts due to or from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Infosys Limited	6,98,68,648	4,07,31,826
	6,98,68,648	4,07,31,826
Trade payables		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	8,43,12,108	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	2,34,16,115	–
Infosys Limited	21,74,55,773	–
	32,51,83,996	–
Other receivables		
Infosys Limited	5,85,37,672	–
	5,85,37,672	–
Other payables		
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	1,11,60,298
	–	1,11,60,298
Unsecured loan		
Infosys Limited	23,31,35,352	–
	23,31,35,352	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions		
Purchase of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	8,09,93,619	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	6,91,71,121	1,11,54,125
Infosys Limited	21,74,19,179	–
	36,75,83,919	1,11,54,125
Interest expense		
Infosys Limited	50,99,306	–
	50,99,306	–
Sale of services		
Infosys Limited	68,75,56,591	40,41,22,764
	68,75,56,591	40,41,22,764

2.17 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective April 1, 2015, the Company reorganized its segments to support its objective of delivery innovation. This structure will help deliver services that will reflect the way technology is consumed in layers by the client's enterprise. However, the reorganization did not have any impact in the reportable segments as per AS 17 'Segment reporting'. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the *Significant Accounting Policies*.

Industry segments for the Company are primarily Financial Services and Insurance (FSI) comprising enterprises providing banking, finance and insurance services, Manufacturing (MFG), the Energy & Utilities, Communication and Services (ECS) and Retail, Consumer packaged goods, Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). The entity operates in only one geographic segment in Europe. Hence, the geographic segment disclosure are not applicable.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended December 31, 2015 and *December 31, 2014* :

in ₹

Particulars	FSI	MFG	ECS	LSH	RCL	Others	Total
Income from software services and products	37,09,45,251	16,39,411	–	13,62,928	31,52,48,412	13,80,89,618	82,72,85,620
	39,51,28,415	–	–	*89,94,349*	–	–	*40,41,22,764*
Identifiable operating expenses	26,93,82,905	6,80,132	–	7,91,908	20,50,27,959	40,84,88,351	88,43,71,255
	30,15,52,666	–	*1,11,54,125*	*50,44,737*	–	–	*31,77,51,528*
Allocated expenses	15,16,89,884	6,70,401	–	5,57,339	12,89,13,889	5,64,68,706	33,83,00,219
	7,65,39,243	–	–	*17,42,270*	–	–	*7,82,81,513*
Segmental operating income	(5,01,27,538)	2,88,878	–	13,681	(1,86,93,436)	(32,68,67,438)	(39,53,85,853)
	1,70,36,506	–	*(1,11,54,125)*	*22,07,342*	–	–	*80,89,723*
Unallocable expenses							50,99,306
							–
Other income							(56,21,518)
							(2,30,354)
Profit before tax							(40,61,06,677)
							78,59,369
Tax expense							54,622
							16,95,327
Profit for the period							(40,61,61,299)
							61,64,042

Infosys (Czech Republic) Limited s.r.o.

This document is an English translation of the Czech auditor's report.

Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Member of Infosys (Czech Republic) Limited s.r.o.

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 March 2016, and the income statement for the period then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Infosys (Czech Republic) Limited s.r.o. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Infosys (Czech Republic) Limited s.r.o. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of 31 March 2016, and of its financial performance for the period then ended in accordance with Czech accounting legislation.

Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of Infosys (Czech Republic) Limited s.r.o. as of 31 March 2016 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague
6 May 2016

KPMG Ceská republika Audit, s.r.o.
Registration number : 71

Blanka Dvoráková
Partner
Registration number : 2031

BALANCE SHEET
in full format
As at 31 March 2016
(In thousands of Czech crowns "TCZK")
Translated from the Czech original

Name and regist. office of the company

Identification number
269 18 757

Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s.r.o)*
Holandská 9
Brno 639 00
Czech Republic

Balance Sheet

As at 31 March 2016

Ident.		A S S E T S	line	Current period			Prior period
a		b	c	Gross	Adjust.	Net	Net 4
				1	2	3	
		TOTAL ASSETS (L.02+03+31+63)	1	280 117	- 51 459	228 658	239 461
	A.	Receivables for subscribed registered capital	2				
	B.	Fixed assets (L.04+13+23)	3	62 120	- 51 147	10 973	11 604
B.I.		Intangible fixed assets (L.05 to 12)	4				
	B.I.1.	Incorporation expenses	5				
	2	Research and development	6				
	3	Software	7				
	4	Intellectual property rights	8				
	5	Goodwill	9				
	6	Other intangible fixed assets	10				
	7	Intangible fixed assets under construction	11				
	8	Advance payments for intangible fixed assets	12				
B.II.		Tangible fixed assets (L.14 to 22)	13	62 120	- 51 147	10 973	11 604
	B.II.1.	Land	14				
	2	Buildings	15	9 650	- 9 274	376	598
	3	Plant and equipment	16	52 470	- 41 873	10 597	10 907
	4	Cultivated areas	17				
	5	Adult livestock	18				
	6	Other tangible fixed assets	19				
	7	Tangible fixed assets under construction	20				99
	8	Advance payments for tangible fixed assets	21				
	9	Adjustments to acquired fixed assets	22				
B.III.		Long-term investments (L.24 to 30)	23				
	B.III.1.	Equity investments - subsidiaries	24				
	2	Equity investments - associated companies	25				
	3	Other long-term securities and ownership interests	26				
	4	Loans - group undertakings, associated companies	27				
	5	Other long-term investments	28				
	6	Long-term investments (provisional value)	29				
	7	Advance payments for long-term investments	30				

Balance Sheet

As at 31 March 2016

Ident. a	ASSETS b	line c	Current period Gross 1	Current period Adjust. 2	Current period Net 3	Prior period Net 4
C.	Current assets (L.32+39+48+58)	031	217 668	- 312	217 356	227 826
C.I.	Inventories (L.33 to 38)	032				
C.I.1.	Raw materials	033				
2	Work-in-progress and semi-finished products	034				
3	Finished goods	035				
4	Young and other livestock	036				
5	Goods for resale	037				
6	Advance payments for inventories	038				
C.II.	Long-term receivables (L.40 to 47)	039	7 554		7 554	4 414
C.II.1.	Trade receivables	040				
2	Receivables - group undertakings	041				
3	Receivables - associated companies	042				
4	Receivables from shareholders/members	043				
5	Long-term advances paid	044	4 414		4 414	4 414
6	Estimated receivables	045				
7	Other receivables	046				
8	Deferred tax asset	047	3 140		3 140	
C.III.						
C.III.1.	Short-term receivables (L.49 to 57)	048	57 485	- 312	57 173	87 074
2	Trade receivables	049	48 572	- 312	48 260	33 653
3	Receivables - group undertakings	050				26 906
4	Receivables - associated companies	051				
5	Receivables from shareholders/members	052				
6	Social security and health insurance	053				
7	Tax receivables	054	7 670		7 670	2 634
8	Short-term advances paid	055	677		677	2 159
9	Estimated receivables	056	12		12	20 523
	Other receivables	057	554		554	1 199
C.IV.	Short-term financial assets (L.59 to 62)	058	152 629		152 629	136 338
C.IV.1.	Cash	059	376		376	39
2	Bank accounts	060	152 253		152 253	136 299
3	Short-term securities and ownership interests	061				
4	Short-term investments (provisional value)	062				
D.I.	Deferrals (L. 64+65+66)	063	329		329	31
D.I.1.	Prepaid expenses	064	329		329	31
2	Complex prepaid expenses					
3	Accrued revenues					

Ident. a	A S S E T S b	line c	Current period 5	Prior period Net 4
	TOTAL LIABILITIES AND EQUITY (L.68+89+122)	067	228 658	239 461
A.	Equity (L.69+73+80+83+87+88)	068	172 434	171 429
A.I.	Registered capital (L.70+71+72)	069	18 750	18 750
A.I.1.	Registered capital	070	18 750	18 750
2.	Own shares and ownership interests (-)	071		
3.	Changes in registered capital	072		
A.II.	Capital contributions (L.74 to 79)	073		
A.II.1.	Premium	074		
2.	Other capital contributions	075		
3.	Revaluation of assets and liabilities	076		
4.	Revaluation reserve on transformations	077		
5.	Differences resulting from transformations	078		
6.	Change in revaluation reserve on transformations	079		
A.III. .	Funds from profit (L.81+82)	080	1 875	1 875
A.III.1	Reserve fund	081		
2.	Statutory and other funds	082	1 875	1 875
A.IV.	Retained earnings (L.84+85+86)	083	150 804	78 365
A.IV.1.	Retained profits	084	192 836	120 397
2.	Accumulated losses	085	- 42 032	- 42 032
3.	Other retained earnings	086		
A.V.1	Profit (loss) for the current period (+/-)	087	1 005	72 439
A.V.2	Approved advance profit distribution (-)	088		
B.	Liabilities (L.90+95+106+118)	089	56 224	68 032
B.I.	Provisions (L.91 to 94)	090	11 326	13 605
B.I.1.	Tax-deductible provisions	091		
2.	Provision for pensions and other similar payables	092		
3.	Income tax provision	093		5 929
4	Other provisions	094	11 326	7 676
B.II.	Long-term liabilities (L.96 to 105)	095		
B.II.1.	Trade payables	096		
2.	Liabilities - group undertakings	097		
3.	Liabilities - associated companies	098		
4.	Liabilities to shareholders/members	099		
5.	Long-term advances received	100		
6.	Debentures and bonds issued	101		
7.	Long-term bills of exchange payable	102		
8.	Estimated payables	103		
9.	Other payables	104		
10.	Deferred tax liability	105		
B.III.	Short-term liabilities (L.107 to 117)	106	44 898	54 427
B.III.1.	Trade payables	107	692	7 673
2.	Liabilities - group undertakings	108		
3.	Liabilities - associated companies	109		
4.	Liabilities to shareholders/members	110	241	241
5.	Payables to employees	111	8 953	10 114
6.	Social security and health insurance liabilities	112	3 044	3 444
7.	Tax liabilities and subsidies	113		
8.	Short-term advances received	114		
9.	Debentures and bonds issued	115		
10.	Estimated payables	116	31 516	27 414
11.	Other payables	117	452	5 541
B.IV.	Bank loans and overdrafts (L.119 to 121)	118		
B.IV.1.	Long-term bank loans	119		
2.	Short-term bank loans	120		
3.	Short-term financial liabilities	121		
C.I.	Accruals (L.123+124)	122		
C.I.1.	Accrued expenses	123		
2.	Deferred revenues	124		

INCOME STATEMENT
Classification by nature
For the period ended 31 March 2016
(in thousands of Czech crowns “TCZK”)
Translated from the Czech original

Identification number
269 18 757

Name and regist. office of the company

Infosys (Czech Republic) Limited s.r.o.
Holandská 9
Brno 639 00
Czech Republic

Ident.	A S S E T S	line	Current period	Prior period
a	b	c	1	2
I.	Revenue from goods	01		
A.	Cost of goods sold	02		
+	Gross profit (L.01-02)	03		
II.	Revenue from production (L.05+06+07)	04	229 554	317 383
II.1.	Revenue from own products and services	05	229 554	317 383
II.2.	Change in inventory of own production	06		
II.3.	Own work capitalised	07		
B.1.	Cost of sales (L.09+10)	08	49 196	50 079
B.2.	Materials and consumables	09	1 671	4 255
B.3.	Services	10	47 525	45 824
+	Added value (L.03+04-08)	11	180 358	267 304
C.	Personnel expenses (L.13 to 16)	12	154 636	220 819
C.1	Wages and salaries	13	114 151	163 057
C.2	Remuneration of board members	14		
C.3.	Social security and health insurance expenses	15	37 887	53 829
C.4.	Social expenses	16	2 598	3 933
D.	Taxes and charges	17	46	
E.	Depreciation of intangible and tangible fixed assets	18	6 272	5 868
III.	Proceeds from disposals of fixed assets and raw material	19	428	4 020
III.1	(L.20+21)	20	428	4 020
III.2	Proceeds from disposals of fixed assets	21		
	Proceeds from disposals of raw material			
F	Net book value of fixed assets and raw material sold (L.23+24)	22	330	968
F.1.	Net book value of fixed assets sold	23	330	968
F.2.	Raw materials sold	24		
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25	3 698	- 12 103
IV.	Other operating revenues	26	3 022	9 442
H.	Other operating expenses	27	1 257	1 480
V.	Transfer of operating revenues	28		
I.	Transfer of operating expenses	29		
*	Operating profit (loss) (L.11-12-17-18+19-22-25+26-27+28-29)	30	17 569	63 734
VI.	Proceeds from sale of securities and ownership interests	31		
J.	Securities and ownership interests sold	32		
VII.	Revenue from long-term investments (L.34+35+36)	33		
VII.1.	Revenue from investments in group undertakings and associated companies	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37		
K.	Financial assets expenses	38		
IX.	Revenue from revaluation of securities and derivatives	39	5 524	
L.	Expenses for revaluation of securities and derivatives	40		5 524
M.	Change in provisions and adjustments relating to financial			
activity	41			
X.	Interest revenue	42	15	327
N.	Interest expense	43		
XI.	Other financial revenues	44	1 899	28 658
O.	Other financial expenses	45	19 958	4 051
XII.	Transfer of financial revenues	46		
P.	Transfer of financial expenses	47		
*	Profit (loss) from financial operations (L.31-32+33+37-38+39-40-41+42-43+44-45+46-47)	48	- 12 520	19 410
Q.	Income tax on ordinary profit (loss) (L.50+51)	49	4 044	10 705
Q.1.	- current	50	7 184	10 705
Q.2.	- deferred	51	- 3 140	

Ident.	A S S E T S	line	Current period	Prior period
a	b	c	1	2
**	Profit (loss) on ordinary activities after tax (L.30+48-49)	52	1 005	72 439
XIII.	Extraordinary revenues	53		
R.	Extraordinary expenses	54		
S.	Income tax on extraordinary profit (loss) (L.56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
*	Extraordinary profit (loss) (L.53-54-55)	58		
T	Transfer of profit or loss to shareholders/members	59		
	Profit (loss) for the accounting period			
***	(L.52+58-59)	60	1 005	72 439
***	Profit (loss) before tax (L.30+48+53-54)	61	5 049	83 144

Notes to accounts

1. Description and principal activities

Establishment and description of the Company

Infosys (Czech Republic) Limited s.r.o. ("the Company") was registered on 4 February 2004. The principal activities are mediation of services; enterprise, finance, organization and economic advisory services; data processing, database services, network services; software and hardware advisory services; research and development in technical and social sciences; administrative management and organizational economic services for individuals and corporations; translation and interpretership services; accounting advisory services; accounting services.

Accounting period

1. 4. 2015 – 31. 3. 2016

Ownership structure

The only member of the Company as at 31 March 2016 is:

INFOSYS BPO LIMITED 561229 Bangalore, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6 India	100 %

Registered office

Infosys (Czech Republic) Limited s.r.o.

Holandská 872/9

PSC 639 00 Štýrice, Brno

Czech Republic

Identification number

269 18 757

Statutory representative

The only statutory representative as at 31 March 2016 is:

DEEPAK BHALLA

Line of action

The statutory representative is one or more statutory executives. If the company has only one executive, the executive acts on behalf of its own. If more executives are authorized to act on behalf of the company, each of them separately.

Supervisory board as at 31 March 2016

ANUP UPPADHAYAY (chairman)

ANANTHA RADHAKRISHNAN

RAJESH KRISHNAMURTHY

Changes in the Commercial Register

In period from 1 April 2015 to 31 March 2016 following changes has been recorded:

Change in trade name of the Company: Infosys (Czech Republic) Limited s.r.o. The change was recorded in the Commercial register on 6 January 2016.

Organisational structure

The Company is run by its statutory representative.

2. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible and intangible fixed assets costing less than TCZK 2,5 are charged to the income statement in the year that they are acquired.

Assets are depreciated using the following methods over the following periods:

Assets	Basis	Period
Office equipment	Straight-line	60 months
Computer equipment	Straight-line	36 - 60 months

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease terms or their estimated useful lives.

(b) Establishment of adjustments and provisions

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers.

Provisions

Provision for untaken holidays

A provision for untaken holidays is established as at the balance sheet date, based on an analysis of untaken holidays and average payroll expenses, including social security and health insurance expenses per employee.

Income tax provision

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

Provision for warranties

The Company creates a provision for guarantees resulting from finished projects in the previous accounting period.

Provision for other risks

The Company establishes a provision for other risks resulting from other events recognized by the Company as at the balance sheet date.

2. Significant accounting policies applied by the Company (continuance)

(c) Foreign currency translation

At the beginning of each month the Company sets a fixed rate of exchange based on the Czech National Bank official rate for the first working day of the calendar month to be applied to transactions recorded during that month. To translate payments from a foreign currency bank account (EUR, USD), the internal exchange rate of Citi Bank a.s., Deutsche Bank is used. During the year, exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates for that date. Unrealised foreign exchange gains and losses are recognised in the income statement.

(d) Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price (replacement cost).

(e) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

(f) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

(g) Derivatives for trading

The Company uses currency forward contracts for hedging of risk of FX rate movements. There contracts are classified as derivatives for trading and are presented in fair values. The gains and losses from changes in the fair value are recorded directly in revenues or expenses.

3. Changes in accounting policies and procedures

In the accounting period 2015/16 there were no changes in accounting policies and procedures.

4. Tangible fixed assets

	Buildings	Machinery and equipment	Tangible fixed assets under construction	Total
Acquisition cost				
Balance at 1. 4. 2015	9 591	48 359	99	58 049
Additions	59	5 912	--	5 971
Disposals	--	-1 900	--	-1 900
Transfers	--	99	-99	--
Balance at 31. 3. 2016	9 650	52 470	--	62 120
Accumulated depreciation				
Balance at 1. 4. 2015	8 993	37 452	--	46 445
Depreciation expense	281	5 991	--	6 272
Disposals	--	-1 570	--	-1 570
Balance at 31. 3. 2016	9 274	41 873	--	51 147
Net book value 1. 4. 2015	598	10 907	99	11 604
Net book value 31. 3. 2016	376	10 597	--	10 973

The major additions to fixed assets in the accounting period were purchase of IT equipment in TCZK 3 797 and personal computers in TCZK 1 125.

The Company has no pledged assets.

5. Leased assets

Operating leases

The Company has an operating lease for non-residential premises at Holandská 9, Brno (lease contract is valid until March 2017, with the option to extend the term of the contract). The annual cost of this lease for the current accounting period was TCZK 23 305 (2014/2015 – TCZK 24 148).

In addition, the Company has operating leases for flats. The annual cost of these leases in the current accounting period was TCZK 186 (2014/2015 – TCZK 548).

The Company has another lease for a unit substation from Lumen Energy a.s.. The annual cost of this lease in the current accounting period was TCZK 114 (2014/2015 - TCZK 112).

6. Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in note 2 (a) above, the Company charged low value tangible and intangible fixed assets to the income statement in the year that they were acquired. The acquisition cost of assets which were charged to the income statement was as follows:

	Balance as at 31. 3. 2015	Balance as at 31. 3. 2014
Tangible fixed assets	14	143

7. Inventories

The Company has no inventories as at 31. 3. 2016 and 31. 3. 2015.

8. Trade receivables and payables

(a) Short-term trade receivables total TCZK 48 572 (31. 3. 2015 – TCZK 33 917), of which TCZK 21 214 (31. 3. 2015 – TCZK 8 843) is overdue. An adjustment of TCZK 312 (31. 3. 2015 – TCZK 264) was set up at 31. 3. 2016 for doubtful receivables.

(b) Short-term receivables – group undertakings total TCZK 0 (31. 3. 2015 – TCZK 26 906). The loan was provided to related party McCamish System and was repaid in September 2015.

(c) Short-term trade payables total TCZK 692 (31. 3. 2015 – TCZK 7 673), of which TCZK 518 (31. 3. 2015 – TCZK 5 194) is overdue.

9. Advances paid

Short-term advances paid consists of advances paid for the residential and non-residential premises in total amount TCZK 677 (31. 3. 2015 – TCZK 2 159).

Long-term advances paid consists of advances paid for the non-residential premises in total amount TCZK 4 414 (31. 3. 2015 – TCZK 4 414).

10. Adjustments

	Adjustment to receivables	Total
Balance at 1. 4. 2015	264	264
Change	48	48
Balance at 31. 3. 2016	312	312

11. Changes in equity

Movement in the individual components of equity:

	Registered capital	Reserve fund	Profit for the current period	Accumulated losses	Retained earnings	Total
Balance at 1. 4. 2015	18 750	1 875	72 439	-42 032	120 397	171 429
Transfer of profit/loss	--	--	-72 439	--	72 439	--
Profit/Loss for the current period	--	--	1 005			
--	--	1 005				
Balance at 31. 3. 2016	18 750	1 875	1 005	-42 032	192 836	172 434

As at the balance sheet day, the Company has not made any decision related to the distribution of profit 2015/2016. The management expects that the profit for the current period will be transferred to retained earnings.

12. Forward contracts

As at 31. 3. 2016 the Company held no derivatives for the fair value hedging purposes.

As at 31. 3. 2015, the Company held the following derivatives for fair value hedging purposes and are presented in a row other payables.

Forward exchange contracts 31. 3. 2015	Due date	Currency	Amount in foreign currency	Fair value (TCZK)
Forward – purchase of USD	26/6/2015	USD	1 000 000	-5 524
Total				-5 524

13. Provisions

	Provision for untaken holiday	Provision for warranties	Provision for income tax	Provision for other risks	Total
Balance at 1. 4. 2015	3 042	1 291	5 929	3 343	13 605
Change	665	2 719	-5 929	266	-2 279
Balance at 31. 3. 2016	3 707	4 010	--	3 609	11 326

Income tax provision of TCZK 2 045 (31. 3. 2015 – TCZK 7 521) is decreased by paid advanced payment of TCZK 7 922 (31. 3. 2015 – TCZK 1 592) and final tax receivables is presented in row Tax receivables (31. 3. 2015 – final tax liability is presented in row Income tax provision).

14. Segment information

Revenues from the provision of own services in the accounting period were as follows:

	Period from 1. 4. 2015 to 31. 3. 2016				Period from 1. 4. 2014 to 31. 3. 2015			
	Domestic sales	Europe + USA	India	Total	Domestic sales	Europe + USA	India	Total
Advisory services, hardware and software tutorials	3 621	161 366	64 567	229 554	--	278 610	38 773	317 383
Total	3 621	161 366	64 567	229 554	--	278 610	38 773	317 383

In addition, the Company had other operating revenues totalling TCZK 3 023 (2014/2015 – TCZK 9 442), which comprises mainly revenues from grants for business activities.

15. Related parties

(a) Trade receivables and payables

	Receivables as at 31. 3. 2016	Receivables as at 31. 3. 2015	Payables as at 31. 3. 2016	Payables as at 31. 3. 2015
Infosys BPO Poland	288	2 225	--	--
Infosys BPO Ltd.	218	457	--	--
Infosys Technologies Limited	6 744	1 869	--	--
Total	7 250	4 551	--	--

(b) Trade receivables and payables – group undertakings

Receivables – group undertakings

	Receivables at 31. 3. 2016	Interest revenue in 2015/2016	Receivables at 31. 3. 2015	Interest revenue in 2014/2015
Loan including interest – Mc Camish	--	15	26 906	327

(c) Sales and purchases

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland	3 605	--
Infosys BPO Ltd	2 614	--
Infosys Technologies Limited	61 953	746
Total	68 172	746

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland	11 210	--
Infosys BPO Ltd	1 880	--
Infosys Technologies Limited	36 893	--
Total	49 983	--

(d) Remuneration and loans provided to directors and supervisory board members

The Company has provided no remunerations and loans to the directors and supervisory board members for the period 2015/2016 and 2014/2015.

16. Employees and executives

Average number of employees and executives and personnel expenses for the accounting period are as follows:

Period from 1. 4. 2015 to 31. 3. 2016	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	359	111 659	37 267	2 593
Executives	1	2 492	620	5
Total	360	114 151	37 887	2 598

Period from 1. 4. 2014 to 31. 3. 2015	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	401	159 781	53 358	3 927
Executives	1	3 276	471	6
Total	402	163 057	53 829	3 933

17. Estimated receivables

Estimated receivables amounting to TCZK 12 (31. 3. 2015 – TCZK 20 523), which represents un-invoiced services to the customers.

18. Estimated payables

Estimated payables amounting to TCZK 31 516 (31. 3. 2015 – TCZK 27 414), which represents un-invoiced services amounting to TCZK 29 651 (31. 3. 2015 – TCZK 25 270) and bonuses amounting to TCZK 1 865 (31. 3. 2015 – TCZK 2 144). The main part of un-invoiced services consists of lease accrual for the rent of non-residential premises amounting to TCZK 18 922 (31. 3. 2015 – TCZK 19 850).

19. Other financial expenses and revenues

Other financial expenses amounting to TCZK 19 958 (2014/2015 – TCZK 4 051) and other financial revenues amounting to TCZK 1 899 (2014/2015 – TCZK 28 658) consist chiefly of realized and un-realised foreign exchange gains and losses.

20. Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 3 044 (31. 3. 2015 – TCZK 3 444) of which TCZK 2 238 (31. 3. 2015 – TCZK 2 532) relates to estimate for social security liabilities and TCZK 806 (31. 3. 2015 – TCZK 912) is estimate for health insurance liabilities. None of these liabilities are overdue.

21. Tax receivables

Tax receivables amount to TCZK 7 670 (31. 3. 2015 – TCZK 2 634), which relates to income tax receivable of TCZK 5 877 (31. 3. 2015 – liability of TCZK 5 929 presented in row Income tax provision), value added tax receivable of TCZK 1 285 (31. 3. 2015 – TCZK 2 126) and other taxes and charges of TCZK 508 (31. 3. 2015 – TCZK 508).

22. Fees payable to statutory auditors

The information is disclosed in the notes to consolidated financial statements prepared for the consolidated group in which the Company is included.

23. Income tax

(a) Current tax

Current income tax comprises the tax estimate for period 2015/2016 of TCZK 2 045 (2014/2015 – TCZK 7 521) and an adjustment to the tax estimate for 2014/2015 of TCZK 5 139 (2013/2014 – TCZK 3 184).

(b) Deferred tax

	Receivables		Liabilities		Difference	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Fixed assets	929	1 331	--	--	929	1 331
Adjustment to receivables	59	50	--	--	59	50
Provisions	2 152	1 458	--	--	2 152	1 458
Other temporary differences	--	--	--	--	--	--
Deferred tax asset/liability	3 140	2 839	--	--	3 140	2 839

24. Contingencies and commitments

The Company has no contingencies or commitments.

25. Material subsequent event

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 March 2016.

Signature of the authorised representative:
Deepak Bhalla
statutory representative

Date: 6 May 2016

Infosys Poland Sp. z o.o.

(formerly Infosys BPO Poland Sp. z o.o.)

Opinion and Report of the Independent Auditor

Financial Year ended March 31, 2016

The opinion contains 2 pages

The supplementary report contains 9 pages

Opinion of the independent auditor and supplementary report on the audit of the financial statements for the financial year ended March 31, 2016

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Opinion and Report of the Independent Auditor

Opinion of the independent auditor

To the Shareholders' Meeting of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.)

Opinion on the Financial Statements

We have audited the accompanying financial statements of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.), with its registered office in Łódz, ul. Pomorska 106A ("the Company"), which comprise the introduction to the financial statements, the balance sheet as at March 31, 2016, the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Company's activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act, Management of the Company is required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.) have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have been prepared from accounting records that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczona odpowiedzialnoscia sp.k.
Registration number : 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original	Signed on the Polish original
Justyna Lipkowska Key Certified Auditor Registration number : 12697	Zofia Popławska Limited Liability Partner with power of attorney

April 27, 2016

Supplementary report on the audit of the financial statements

1. Details identifying the Company

1.1 Business name of the Company

Infosys Poland Sp. z o.o., hereinafter "the Company"

On the basis of the resolution of the Extraordinary Shareholders' Meeting of 29 January 2016. the Company's name was changed from Infosys BPO Poland Sp. z o.o. to Infosys Poland Sp.z.o.o. The change was registered in the National Court Register on February 29, 2016.

1.2 Registered office of the Company

Pomorska Street 106A

91-402 Łódz

1.3 Registration in the National Court Register

Seat of the court :	District Court of Łódz-Sródmiescie in Łódz, 20th Division of the National Court Register
Date :	03.08.2007
Registration number :	KRS 0000285868

1.4 Basic objects and term of the Company

The objects of the Company, as defined in the Articles of Association, are mainly :

Accounting and bookkeeping activities (PKD 74.12 Z)

Accounting and bookkeeping activities with tax advisory (PKD 69.20 Z)

Data processing; management of websites (hosting) and similar activity (PKD 63.11.Z).

The Company was incorporated for an indefinite term.

1.5 Period reported in the financial statements

The financial statements have been drafted for the period from 1 April 2015 to 31 March 2016, and the comparative data pertain to the period from 1 April 2014 to 31 March 2015.

1.6 Going concern assumption

The financial statements have been drawn up with the assumption that the Company will be a going concern in the foreseeable future.

There are no circumstances posing a risk to the Company continuing as a going concern.

2. Significant accounting principles

The financial statements were prepared with regard to the following accounting principles :

2.1 Basis of financial statement preparation

The financial statements were prepared in accordance with the accounting principles applicable on the territory of the Republic of Poland as indicated in the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended) and in the implementing provisions enacted on its basis.

The accounting principles adopted by the Company were applied in a continuous manner and are compliant with the accounting principles applied in the previous financial year.

2.2 Revenue and expenses

Revenue and expenses are recognized on an accrual basis, which means that they are recognized in the financial year to which they refer, regardless of the date when the payment was received or made.

The Company maintains the register of expenses by nature and prepares profit and loss account with the use of single-step variant.

Sales revenue

The Company derives revenue primarily from business process management services, either on a time-and-material, fixed-price, fixed-time frame or unit-price basis.. Revenue on time-and-material contracts is recognized at the time of execution and the proceeds realized revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenues on the basis of a fixed price agreed with the customer or fixed-time frame is recognized as a reliable measure when they are probable. Revenues on the basis of the unit price for a given activity are recognized as transactions based on measurable work results. Provisions for estimated losses, if any, arising from unfulfilled contracts are recorded in the period in which such loss is probable, based on the current estimation.

2.3 Interest

Interest received are recognized based on accrual basis, using the effective interest rate method.

2.4 Statement of cash flows

Cash flow statement was prepared with the use of indirect method.

2.5 Intangible fixed assets

Intangible assets are recognized in the books at acquisition price or cost of manufacture less depreciation write-offs and impairment write offs.

Intangible fixed assets are depreciated using the straight line method applying the following depreciation rates :

intangible fixed assets with the value higher than 3 500 PLN	50%
Goodwill	20%

The correctness of intangible assets depreciation periods and rates is verified by the company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.6 Tangible fixed assets

Fixed assets are valuated at acquisition price or cost of manufacture (initial value) allowing for the results of re-evaluation (adjustment), less depreciation write-offs and impairment write-offs.

The acquisition price and cost of manufacture of fixed assets and fixed assets under construction comprise overall costs incurred by the company for the period of construction, installation, adaptation and improvement up to the date when the assets were made available for use, including the servicing cost of commitments assumed for financing them and related foreign exchange gains or losses, less related income.

The initial value of a fixed asset is increased by improvement costs, which means conversion, extension, modernisation and reconstruction resulting in the utility value after the improvement exceeds its utility value when the asset was made available for use.

Fixed assets are depreciated according to the straight line method beginning with the month when an asset was made available for use.

The example depreciation rates are as follows :

Computers	33.3%
Furnitures	20%
Office equipment	20%
Vehicles	50%
Leasehold assets	till the end of agreement not longer than 5 years

The correctness of tangible fixed assets depreciation periods and rates applies is verified by the company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.7 Investments

Investments comprise assets held in order to derive economic benefits resulting from the increase in their value, to earn revenue in the form of interest, dividends (profit sharing) or other benefits, including benefits form commercial transactions, in particular financial assets as well as property and intangible fixed assets that are not used by the entity, but held for the purpose of deriving such benefits.

2.8 Receivables, claims and liabilities other than those classified as financial assets and liabilities

Receivables are reported based on their amounts due allowing for the prudence principle. Amounts receivable are revaluated based on the degree of probability of their repayment, by making revaluation write-offs classified as other operating expenses or financial expenses, respectively, based on the type of receivables, to which a write-off refers. As a matter of principle, in the case of receivables that were not received within 180 days as of the date of issuing an invoice, the Company shall make a revaluation write-off recognized as other operating expenses.

Liabilities are recognized in the books based on their amounts due.

Receivables and liabilities expressed in foreign currencies are recognized as at the date when they arose according to the National Bank of Poland average exchange rate announced for a given currency on the day preceding that date.

As at the balance sheet date, receivables and liabilities expressed in foreign currencies are valuated according to the average exchange rate announced for a given currency by National Bank of Poland on that day.

2.9 Asset impairment

On each balance sheet date, it is assessed whether there is objective evidence indicating impairment of an asset or group of assets. If such evidence exists, estimated and recoverable value of an asset is determined and impairment loss is represented due to loss of value in the amount equal to the difference between the recoverable value and the balance sheet value. Loss due to impairment is recognized in profit and loss account. If the consequences of a previous re-evaluation of assets were recognized as revaluation reserve, then the loss reduces the amount of reserve, and the other part of the loss is recognized in profit and loss account.

2.10 Prepayments and accruals

The Company recognizes prepaid costs if they relate to future accounting periods. Accruals are recognized in the amount of probable liabilities relating to the current accounting period.

2.11 Provision for liabilities

Provisions are raised for liabilities whose timing or amount are uncertain.

Gratuity (pension) benefits

In accordance with the remuneration regulations, the employees of the Company are entitled to gratuity (pension) benefits. Valuation of the liabilities arising from such benefits was made in accordance with actuarial methods and discount rate based on market rate of return as at the balance sheet date. The employment turnover is estimated on the basis of historical data and predicted level of employment in the future.

2.12 Conducting business in the Łódz Special Economic Zone

On the basis of a permit No. 225 issued on 04 July 2013 Company conducts its business in the Łódz Special Economic Zone (LSSE). On this basis, the company is entitled to exemption from CIT in respect of expenditure incurred in the Zone. The Company meets all the conditions contained in the permit to be able to benefit from the tax exemption.

Income earned from business activities covered by the permit in the LSSE is exempt based on Art. 17, para. 1, paragraph 34 of the CIT Act.

The Company uses the tax exemption in respect of new job positions creation, referred to in § 3. 1 point 2 of the Council of Ministers on the criteria that allows the inclusion of certain land a special economic zone (Dz. U. No 244, item. 1477, as amended). The Company is availing the benefit of eligable amount of two-year labor costs assumed labor costs 390 new employees amounting to 45,460,396.80 zł.

Company is entitled to relief from tax in the amount of 50% of the actual eligible costs incurred.

The company in the Łódz SEZ, according to the permit, performs the following activities production, trade and service in the field of goods and services produced within the zone specified in the following positions Polish Classification of Goods and Services of the Central Statistical Office:

1.	Services in the field of financial audit (category 69.20.1)
2.	Accounting services (category 69.20.2)
3.	Services in the field of research and development in the field of social sciences and humanities (category 72.2)
4.	Services related to software and consultancy and related services (group 62.0) excluding the original computer games and podkategoria 62.01.21)

The calculation of the eligible costs of building the limit of tax exemption in the Lodz Special Economic Zone company starts since May 2015.

2.13 Income tax

Income tax indicated in profit and loss account comprises current and deferred tax.

Current liabilities arising from income tax are assessed in accordance with tax regulations. The deferred tax recognized in profit and loss account equals the difference between the deferred tax reserves and deferred tax assets at the beginning and at the end of the accounting period.

Deferred income tax reserves and assets relating to the operations satisfied with equity are recognized under equity.

Deferred income tax assets are established in the amount to be deducted off income tax in the future due to negative temporary differences which will cause future reduction of the income tax base and deductible tax loss, based on the principle of prudence.

Deferred tax asset for taxation allowance in Special Economic Zone in Łódz are recognized on forecasted financial results of the company for the period when tax benefit is expected to be utilized.

Provision for deferred income tax are created in the amount of income tax due in the future because of positive temporary differences, i.e. differences which will cause future increase of income tax base.

The amount of deferred income tax provision and assets is established with regard to income tax rates as applicable in the year when tax obligation arise.

Deferred income tax provision and assets are not compensated for the purpose of presentation in the financial statement.

2.14 Foreign exchange differences

Foreign exchange gains (losses) arising from the valuation, as at the balance sheet date, of assets and liabilities expressed in foreign currencies, and from the payment of receivables and liabilities in foreign currencies, as well as connected with the sale of currencies, are classified as income or expenses, respectively. In duly justified cases, they are recognized as cost of manufacture or acquisition price of goods, as well as acquisition price or cost of manufacture of fixed assets, fixed assets under construction or intangible assets.

The following exchange rates were taken into account with regard to the valuation of balance sheet items expressed in foreign currencies (PLN):

	31.03.2016	31.03.2015
AUD	2.8838	–
CHF	3.9040	3.9110
CZK	0.1578	0.1486
EUR	4.2684	4.0890
DKK	0.5729	0.5474
GBP	5.4078	5.6295
INR	0.0568	0.0609
HRK	0.5670	–
MXN	0.2182	–
SEK	0.4624	0.4410
USD	3.7590	3.8125
ZAR	0.2542	–
HUF	0.0136	–
RUB	0.0555	–
TRY	1.3284	–

2.15 Financial instruments

2.15.1 Classification of financial instruments

Financial instruments are recognized and valuated according to the Regulation of the Minister of Finance dated 12 December 2001 on specific rules concerning recognition, valuation, disclosure and presentation of financial instruments. The rules concerning valuation and disclosure of financial assets described in this note do not apply to the financial instruments excluded from the Regulation, including particularly shares in subsidiaries, rights and obligations arising from insurance and leasing agreements, receivables and liabilities arising from deliveries and services, as well as financial instruments issued by the Company, which constitute its equity instruments.

Financial assets are divided into the following categories:

- financial assets held for trading,
- loans and receivables originated by the enterprise,
- financial assets held to maturity,
- financial assets available for sale.

Financial liabilities are divided into the following categories:

- financial liabilities held for trading,
- other financial liabilities.

2.15.2 Rules concerning recognition and valuation of financial instruments

Financial assets are entered into the books as at the date of concluding a contract at the acquisition price, i.e. at fair value of incurred expenses or other property items transferred in return. Financial liabilities are entered at fair value of the amount obtained or value of other items received. The fair value at a given day is established with regard to transaction costs incurred by the Company.

2.15.3 Financial assets held for trading

Financial assets held for trading comprise financial derivatives.

Financial assets held for trading are valuated at fair value. The consequences of periodic valuation are recognized, respectively, as income or financial costs of the accounting period when the re-evaluation took place.

2.15.4 Loans granted and receivables

Loans granted and receivables include, regardless of their maturity, financial assets arising from the direct issuance of cash to the other contracting party.

Loans granted and receivables are valuated at the adjusted acquisition price calculated with the use of the effective interest rate method.

2.15.5 Financial assets available for sale.

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial assets available for sale, whose fair value can not be determined reliably, are valued at cost.

2.15.6 Financial liabilities

Financial liabilities intended for sale, including derivatives, which have not been classified as hedging instruments, are reported at their fair value, and the profits and losses resulting from their valuation are recognized directly in the profit and loss account.

Other financial liabilities are valued at amortized cost using the effective interest method.

2.16 Description of methods and material assumptions made to determine the fair value of assets and financial liabilities valuated at hat value

The fair value shall be the amount for which an asset could be exchanged and a liability settled under an arms-length transaction between willing and well informed parties.

The fair value shall be determined through the estimation of a financial instrument using estimation methods generally recognized as correct.

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Lodz, 27.04.2016

Balance Sheet

(All amounts are presented in PLN)

ASSETS	Note	31.03.2016	31.03.2015
Non-current assets		3,81,54,573.07	2,07,10,417.84
Intangible fixed assets	1		
Other intangible fixed assets		–	10,219.59
		–	10,219.59
Tangible fixed assets	2		
Fixed assets		1,36,21,210.77	1,34,43,659.97
Buildings, premises and civil and water engineering structures		44,71,805.58	61,02,330.51
Technical equipment and machinery		73,94,693.67	51,08,795.61
Other tangible fixed assets		17,54,711.52	22,32,533.83
Fixed assets under construction		118.05	–
		1,36,21,328.82	1,34,43,659.97
Long-term investments	6		
Long-term financial assets		–	–
Financial assets available for sale		1,20,23,880.00	–
		1,20,23,880.00	–
Long-term prepayments and accruals			
Deferred income tax assets	13..3	1,25,09,364.25	72,56,538.28
		1,25,09,364.25	72,56,538.28
Current assets		20,86,15,868.38	17,46,10,709.54
Short-term receivables			
Amounts due from related parties		8,18,776.46	21,66,879.27
Trade receivables	3.1	8,18,776.46	21,66,879.27
Amounts due from third parties		6,93,27,234.63	7,44,98,184.19
Trade receivables	3.2	6,20,57,289.37	7,19,68,107.42
Receivables relative to taxes, subsidies, customs duties social and health insurance		57,81,238.70	–
Other		14,88,706.56	25,30,076.77
		7,01,46,011.09	7,66,65,063.46
Short-term investments			
Short-term financial assets		13,79,95,118.97	9,75,47,306.21
In related parties	4.1	–	1,17,81,344.00
In third parties	4.2	12,31,73,293.15	–
Cash and other cash equivalents	4.3	1,48,21,825.82	8,57,65,962.21
		13,79,95,118.97	9,75,47,306.21
Short-term prepayments and deferred expenses	5	4,74,738.32	3,98,339.87
TOTAL ASSETS		24,67,70,441.45	19,53,21,127.38

Balance Sheet

(All amounts are presented in PLN)

EQUITY AND LIABILITIES	Note	31.03.2016	31.03.2015
Equity			
Share capital	7.1	25,00,000.00	25,00,000.00
Capital reserve		12,97,27,037.17	10,65,89,179.77
Losses brought forward			(15,14,368.16)
Net profit/(loss)		5,79,13,201.61	3,96,52,225.56
Write-offs from net profit during the financial year		–	(1,50,00,000.00)
		19,01,40,238.78	13,22,27,037.17
Liabilities and provisions for liabilities		5,66,30,202.67	6,30,94,090.19
Provisions for liabilities			
Deferred tax liability	13..3	2,43,067.25	10,93,072.90
Provision for retirement and similar benefits	8.1	1,20,15,582.94	1,31,35,238.95
- long-term		4,10,545.00	4,10,545.00
- short-term		1,16,05,037.94	1,27,24,693.95
Other provisions		12,41,359.00	29,78,888.91
- short-term	8..2	12,41,359.00	29,78,888.91
		1,35,00,009.19	1,72,07,200.76
Short-term liabilities			
Related party liabilities		1,64,836.32	6,20,811.98
Trade liabilities	9.1	1,64,836.32	6,20,811.98
Liabilities due to third parties		1,94,42,627.75	2,29,22,142.33
Other financial liabilities	9.4	15,74,155.12	4,05,360.00
Trade liabilities	9.2	14,94,734.83	29,86,450.96
Taxes, customs duties, insurance and other benefits to be paid	9.3	84,04,379.52	1,11,84,790.03
Wages and salaries		74,27,219.36	77,56,806.11
Other		5,42,138.92	5,88,735.23
Special funds		1,62,750.12	39,358.98
		1,97,70,214.19	2,35,82,313.29
Accruals			
Other accruals		2,33,59,979.29	2,23,04,576.13
Long-term	10.1	1,08,33,265.21	1,19,45,508.00
Short-term	10.2	1,25,26,714.08	1,03,59,068.13
		2,33,59,979.29	2,23,04,576.13
TOTAL EQUITY AND LIABILITIES		24,67,70,441.45	19,53,21,127.37

Anup Uppadhayay
President of the Management Board

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Member of the Management Board

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Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Lodz, 27.04.2016

Profit and Loss Account

(All amounts are presented in PLN)

	Note	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Net income from sales and equivalent income, including:	11.		
- from related parties		24,99,635.27	54,35,315.98
Net income from sale of products		26,69,32,593.51	24,83,59,475.98
Net revenues from sales of goods and materials		–	–
		26,69,32,593.51	24,83,59,475.98
Operating expenses			
Depreciation		(57,59,180.83)	(48,44,886.64)
Consumption of materials and energy		(3,90,094.02)	(5,10,108.14)
External services		(3,29,73,056.12)	(3,50,26,879.20)
Taxes and charges including:		(26,87,967.47)	(30,65,622.42)
Wages and salaries		(12,15,87,796.65)	(11,56,93,675.44)
Social security and other benefits		(2,99,85,895.86)	(2,75,12,291.05)
Other costs		(1,26,73,108.13)	(1,39,11,870.15)
Value of goods and materials sold		(5,38,806.49)	(99,164.83)
		(20,65,95,905.57)	(20,06,64,497.87)
Profit on sale		6,03,36,687.94	4,76,94,978.11
Other operating revenues			
Profit on the disposal of non-financial fixed assets		3,252.03	–
Other operating revenues		1,75,132.36	1,29,035.98
		1,78,384.39	1,29,035.98
Other operating expenses			
Revaluation of non-financial assets		(4,73,841.20)	(4,40,291.99)
Other operating expenses		(78,047.40)	(97,380.87)
		(5,51,888.60)	(5,37,672.86)
Operating profit/(loss)		5,99,63,183.73	4,72,86,341.23
Financial revenue			
Interest, including:	12.	14,36,349.67	17,34,509.57
- from related parties		55,970.38	1,78,918.57
Other		–	21,56,312.29
		14,36,349.67	38,90,821.86
Financial expenses			
Interest, including:		(88,632.04)	(1,37,651.51)
Other		(18,15,210.37)	–
		(19,03,842.41)	(1,37,651.51)
Gross profit/(loss) on business activities		5,94,95,690.99	5,10,39,511.58
Corporate income tax	13.	(15,82,489.38)	(1,13,87,286.02)
Net profit/(loss)		5,79,13,201.61	3,96,52,225.56

Anup Uppadhayay
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Anantha Radhakrishnan
Member of the Management Board

Lodz, 27.04.2016

Statement of Changes in Equity

(All amounts are presented in PLN)

		01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Equity at the beginning of the period		13,22,27,037.17	10,75,74,811.61
Share capital at the beginning of the period	5.1	25,00,000.00	25,00,000.00
Share capital at the end of the period		25,00,000.00	25,00,000.00
Reserve capital at the beginning of the period		10,65,89,179.77	8,48,77,587.92
Changes in reserve capital			
additions relating to :		2,31,37,857.40	2,17,11,591.85
- profit allocation (above the minimum statutory value)		2,31,37,857.40	2,17,11,591.85
Reserve capital at the end of the period		12,97,27,037.17	10,65,89,179.77
Loss brought forward at beginning of period		(15,14,368.16)	(15,14,368.16)
decrease		15,14,368.16	–
- covering the loss from previous years		15,14,368.16	–
Loss brought forward at the end of period		–	(15,14,368.16)
Net result			
net profit		5,79,13,201.61	3,96,52,225.56
write-offs from profit		–	(1,50,00,000.00)
Equity at the end of the period		19,01,40,238.78	13,22,27,037.17
Equity after adjustments for the proposed distribution of profits	5.2	19,01,40,238.78	13,22,27,037.17

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Member of the Management Board

Lodz, 27.04.2016

Statement of Cash Flows

(All amounts are presented in PLN)

	Note	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Operating cash flows			
Net profit		5,79,13,201.61	3,96,52,225.56
Total adjustments:			
Depreciation and amortization		57,59,180.83	48,44,886.64
Foreign exchange (profit)/loss		3,93,906.99	(23,35,922.73)
Interest		(1,11,970.38)	(1,78,918.57)
Investment profits	15..1	(2,14,854.86)	(6,09,487.11)
Movements in provisions		(37,07,191.57)	49,66,722.03
Movements in receivables		65,19,052.37	(2,06,13,791.79)
Movements in short-term liabilities excluding loans and credits	15..2	(34,34,297.91)	64,31,282.40
Movements in prepayments and accruals		(42,73,821.26)	60,13,501.94
Other adjustments	15.4	11,68,795.12	18,29,256.31
		20,98,799.33	3,47,529.12
Net operating cash flows		6,00,12,000.94	3,99,99,754.68
Cash flow from investing activities			
Inflows		1,17,16,059.20	6,09,487.11
Sale of intangible assets and tangible fixed assets			
From financial assets, including:		1,15,01,204.34	–
from related parties (loan)		1,15,01,204.34	–
- repayment of long-term loans		1,11,16,500.00	–
- interest		3,84,704.34	–
Other investment inflows		2,14,854.86	6,09,487.11
Outflows:		(14,11,72,196.53)	(47,52,532.03)
Purchase of investment property and intangible assets	15..3	(59,75,023.38)	(47,52,532.03)
For financial assets, including:		(13,51,97,173.15)	
in third parties - investment in Vertex Venture		(1,20,23,880.00)	
of third parties		(12,31,73,293.15)	–
- acquisition of financial assets		(12,31,73,293.15)	–
Net cash flow from investing activities		(12,94,56,137.33)	(41,43,044.92)
Financial cash flows			
Outflows:		(15,00,000.00)	(1,35,00,000.00)
Dividend		(15,00,000.00)	(1,35,00,000.00)
Net cash flow from financial activities		(15,00,000.00)	(1,35,00,000.00)
Total net cash flows		(7,09,44,136.39)	2,23,56,709.76
Balance sheet movements in cash and cash equivalents		(7,09,44,136.39)	2,23,56,709.76
Cash and cash equivalents at the beginning of period		8,57,65,962.21	6,34,09,252.45
Cash and cash equivalents at the end of period	4.3	1,48,21,825.82	8,57,65,962.21

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Lodz, 27.04.2016

Supplementary Information and Explanations

1. Intangible fixed assets

Changes in intangible fixed assets

(All amounts are presented in PLN)

	Goodwill	Other intangible fixed assets	Total
Gross book value			
01.04.2015	2,14,45,874.68	8,71,483.32	2,23,17,358.00
Additions	–	–	–
Disposals	–	(4,08,815.80)	(4,08,815.80)
31.03.2016	2,14,45,874.68	4,62,667.52	2,19,08,542.20
Depreciation			
01.04.2015	(2,14,45,874.68)	(8,61,263.73)	(2,23,07,138.41)
Additions	–	(10,219.59)	(10,219.59)
Disposals		4,08,815.80	4,08,815.80
31.03.2016	(2,14,45,874.68)	(4,62,667.52)	(2,19,08,542.20)
Net book value			
01.04.2015	–	10,219.59	10,219.59
31.03.2016	–	–	–

2. Tangible fixed assets

2.1 Changes in tangible fixed assets

(All amounts are presented in PLN)

	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value				
01.04.2015	1,01,34,251.36	1,63,76,727.24	50,19,066.84	3,15,30,045.44
Additions	4,28,903.16	52,15,624.81	2,83,781.05	59,28,309.02
Disposals	–	(4,47,137.67)	(2,53,888.22)	(7,01,025.89)
31.03.2016	1,05,63,154.52	2,11,45,214.38	50,48,959.67	3,67,57,328.57
Accumulated depreciation				
01.04.2015	(40,31,920.85)	(1,12,67,931.63)	(27,86,533.01)	(1,80,86,385.49)
Additions	(20,59,428.09)	(29,27,929.79)	(7,61,603.36)	(57,48,961.24)
Disposals	–	4,45,340.71	2,53,888.22	6,99,228.93
31.03.2016	(60,91,348.94)	(1,37,50,520.71)	(32,94,248.15)	(2,31,36,117.80)
Net book value				
01.04.2015	61,02,330.51	51,08,795.61	22,32,533.83	1,34,43,659.95
31.03.2016	44,71,805.58	73,94,693.67	17,54,711.52	1,36,21,210.77

2.2 Non depreciated fixed assets

The value of fixed assets not recognized as assets of the Company used by the Company under a lease, tenancy, or other contract, including operating lease contract is PLN 1.980,7 thousand. (previous reporting period: PLN 2.193,1 thousand). The initial value of those fixed assets results from the lease, tenancy and other contracts made.

3. Short-term receivables

3.1 Ageing of short-term trade receivables from related parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Remaining term		
Due within 12 months	8,18,776.46	21,66,879.27
	8,18,776.46	21,66,879.27
Gross trade receivables	8,18,776.46	21,66,879.27
Net trade receivables	8,18,776.46	21,66,879.27

3.2 Ageing of short-term receivables from supplies and services from other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Remaining term		
Due within 12 months	6,19,45,452.79	7,19,25,418.80
Over 12 months	1,11,836.58	42,688.62
	6,20,57,289.37	7,19,68,107.42
Gross trade receivables	6,33,28,257.33	7,27,60,805.34
Allowances for trade receivables	(12,70,967.96)	(7,92,697.92)
Net trade receivables	6,20,57,289.37	7,19,68,107.42

3.3 Revaluation write-off for short-term trade receivables

(All amounts are presented in PLN)

	Third parties
01.04.2015	7,92,697.92
Allowance raised during the year	12,70,967.96
Allowance used during the year	
Allowance released during the year	(7,92,697.92)
31.03.2016	12,70,967.96

4. Short-term investments

4.1 Short-term financial assets in related parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Loans granted	–	1,17,81,344.00
	–	1,17,81,344.00

4.2 Short-term financial assets related to third parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Other short- term financial assets – financial derivatives	12,31,73,293.15	–
	12,31,73,293.15	–

4.3 Cash and cash equivalents

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Cash in hand and at bank	28,21,513.49	1,24,09,517.28
Other cash	1,20,00,312.33	7,33,56,444.93
	1,48,21,825.82	8,57,65,962.21

5. Short-term prepayments and deferred expenses

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Gifts	25,120.00	2,000.00
Other insurance	34,559.88	4,125.01
Subscription/databases access	2,15,082.72	2,81,086.56
Pre-paids others	1,15,515.50	1,11,733.80
Revaluation	84,460.22	(605.50)
	4,74,738.32	3,98,339.87

6. Long-term financial assets in other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Financial assets available for sale		
The investment in Vertex Venture	1,20,23,880.00	–
	1,20,23,880.00	–

Based on the agreement dated 21.08.2015, the Company incurred capital expenditures of Vertex Ventures in the amount of 12,023,880.00 zł.

Uncalled capital relating to investments in Vertex Ventures is USD 11,850,000 (44,544,150 zł translated at the exchange rate as of 31.03.2016).

7. Share capital

7.1 Share capital ownership

Shareholders	Number of shares held	Nominal value of shares	% held
Infosys BPO Limited	5,000	25,00,000	100%
	5,000	25,00,000	100%

7.2 Proposals for profit distribution or coverage of losses

The financial statements have been prepared before the resolution on distribution of profit for the current year. The Management Board proposes to allocate profit for the year to increase capital.

8. Provisions

8.1 Provision for pension and similar benefits

(All amounts are presented in PLN)

	Gratuity (pension) benefit	Other	Total
01.04.2015	4,10,545.00	1,27,24,693.95	1,31,35,238.95
Increases	–	98,25,056.81	98,25,056.81
Utilized	–	(86,40,345.84)	(86,40,345.84)
Release	–	(23,04,366.98)	(23,04,366.98)

	Gratuity (pension) benefit	Other	Total
31.03.2016	4,10,545.00	1,16,05,037.94	1,20,15,582.94
including:			
long-term part	4,10,545.00	–	4,10,545.00
short-term part	–	1,16,05,037.94	1,16,05,037.94

8.2 Other short-term provisions

(All amounts are presented in PLN)

	Provision for other cost	Total
01.04.2015	29,78,888.91	29,78,888.91
Increases	27,60,085.19	27,60,085.19
Utilized	(13,02,618.81)	(13,02,618.81)
Release	(31,94,996.29)	(31,94,996.29)
31.03.2016	12,41,359.00	12,41,359.00

9. Short-term liabilities

9.1. Short-term trade liabilities due to related parties of 164.836,32 PLN are due within 12 months from balance sheet date.

9.2 Short-term trade liabilities due to third parties of 1.494.734,83 PLN are due within 12 months from balance sheet date.

9.3 Short-term liabilities from taxes, customs duties, insurance and other benefits

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Settlements with the goverment under. PIT-4	16,85,741.80	7,98,601.00
Settlements with ZUS	67,18,637.72	34,38,519.18
CIT settlements with the goverment	–	66,85,368.77
Liabilities for VAT	–	2,62,301.08
	84,04,379.52	1,11,84,790.03

9.4 Short-term liabilities - other financial liabilities to other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Valuation of financial instruments	15,74,155.12	4,05,360.00
	15,74,155.12	4,05,360.00

10. Other prepayments and accruals

10.1 Long-term accruals

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Accrued discount on tenancy agreement – long-term	1,08,33,265.21	1,19,45,508.00
	1,08,33,265.21	1,19,45,508.00

10.2 Short-term accruals

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Provision for business trips	3,90,243.77	3,22,359.62
Accrued discount on tenancy agreement – short-term	13,86,180.87	13,78,328.34
EU subsidy -other deffered income	80,09,903.81	72,99,089.68
Others	27,40,385.63	13,59,290.49
	1,25,26,714.08	1,03,59,068.13

11. Structure of revenues from sales

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
By territory		
Revenues from the sale of finished products		
Domestic	3,20,46,849.14	3,97,17,556.15
Export	23,48,85,744.37	20,86,41,919.83
	26,69,32,593.51	24,83,59,475.98
Sale structure by activity		
Revenues from the sale of finished products		
Services	26,69,32,593.51	24,83,59,475.98
	26,69,32,593.51	24,83,59,475.98

12. Interest income

(including on debt financial instruments, loans granted and the receivables originated by the enterprise)

in the period from 1st of April 2015 to 31st of March 2016

Interest unrealised, allocated by period of payment term

(All amounts are presented in PLN)

	Interest realised	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	13,80,379.29	–	55,970.38	–	14,36,349.67
	13,80,379.29	–	55,970.38	–	14,36,349.67

in the period from 1st of April 2014 to 31st of March 2015

Interest unrealised, allocated by period of payment term

(All amounts are presented in PLN)

	Interest realised	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	12,56,151.55	2,99,439.45	1,78,918.57	–	17,34,509.57
	12,56,151.55	2,99,439.45	1,78,918.6	–	17,34,509.57

13. Corporate income tax

13.1 Structure of corporate income tax

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Current taxCurrent income tax	75,38,353.00	1,26,54,966.00
Additional tax liabilities brought forward	1,46,968.00	6,62,315.21
Movements in deferred income tax	(61,02,831.62)	(19,29,995.19)
	15,82,489.38	1,13,87,286.02

13.2 Calculation of corporate income tax

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Profit/(loss) before tax	5,94,95,690.99	5,10,39,511.58
Amounts increasing the tax base	2,39,58,569.60	4,84,73,957.96
Amounts decreasing the tax base	1,11,70,965.63	3,29,08,385.27
Taxable income	7,22,83,294.96	6,66,05,084.27
Tax base	7,22,83,294.96	6,66,05,084.27
Current tax	1,37,33,826.00	1,26,54,966.00
SEZ relief	(61,95,473.00)	–
Tax in Profit and Loss	75,38,353.00	1,26,54,966.00

13.3 Deferred tax assets and liabilities

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Negative temporary differences:		
Holiday provision	56,01,903.89	59,38,601.74
Bonus and retirement provision and other salary provisions	64,73,336.47	80,61,873.00
Recognized foreign exchange losses	14,64,981.28	10,15,453.23
Provisions for other costs and accrued expenses	2,92,41,658.11	2,27,71,018.78
Valuation of derivatives	15,74,155.12	4,05,360.00
Provision for tax relief SEZ	2,14,82,724.32	–
	6,58,38,759.19	3,81,92,306.75
The gross value of deferred income tax	1,25,09,364.25	72,56,538.28
Net value of deferred tax asset	1,25,09,364.25	72,56,538.28
Positive temporary differences:		
Recognized foreign exchange profit	1,52,691.32	36,83,449.97
Deposit interest accrued	1,73,605.48	6,97,654.52
Fixed assets	9,53,004.51	13,71,910.78
	12,79,301.31	57,53,015.27
Deferred income tax provision	2,43,067.25	10,93,072.90
Deferred income tax assets recognized in the balance sheet	1,25,09,364.25	72,56,538.28
Balance sheet movements in net deferred tax assets/ provision	2,43,067.25	10,93,072.90
Changing the balance sheet net assets / provision for deferred tax	61,02,831.62	19,29,995.19
Movements in deferred tax recognized in the profit and loss account	61,02,831.62	19,29,995.19

14. Outlays on non-financial fixed assets

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Outlays on non-financial fixed assets:		
- made during the year	59,75,023.38	47,52,532.03
- planned for the next year	39,99,576.00	45,59,000.00

15. Notes to the cash flow statement

15.1 Investment profits

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Profit/(loss) on sales of fixed assets	(3,252.03)	-
Other – profit from forward transactions completed	(2,11,602.83)	6,09,487.11
	(2,14,854.86)	6,09,487.11

15.2 Movements in short-term liabilities (excluding credits and loans)

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Movements in short-term liabilities	(38,12,099.10)	89,25,377.63
Withholding tax charged on dividends	15,00,000.00	(15,00,000.00)
Movements in liabilities as a result of purchase of tangible assets and investments	46,596.31	(5,88,735.23)
Movements in other financial liabilities as a result of valuation of forward contracts	(11,68,795.12)	(4,05,360.00)
	(34,34,297.91)	64,31,282.40

15.3 Acquisition of intangible assets and tangible assets

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Increase of fixed assets	(59,28,309.02)	(53,41,267.26)
Movements in fixed assets under construction	(118.05)	-
Movements in liabilities as a result of purchase of tangible assets	(46,596.31)	5,88,735.23
	(59,75,023.38)	(47,52,532.03)

15.4 Other adjustments

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Other – profit/(loss) as a result of valuation of forward contracts	11,68,795.12	(17,27,715.00)
Other		(1,01,541.31)
	11,68,795.12	(18,29,256.31)

16. Transactions with related party

16.1 Settlement balance as at the balance sheet date

(All amounts are presented in PLN)

	Liabilities	Receivables
Infosys Ltd - India	-	43,614.78
Infosys BPO Limited - India	1,18,983.07	1,39,762.80
Infosys (Czech Republic) Limited s.r.o.	45,436.66	-
Infy Consulting B.V.	-	6,34,934.26
	1,64,419.73	8,18,311.84

16.2 Revenues from mutual transactions in the financial year

(All amounts are presented in PLN)

	Sales revenue	Other revenues
Infosys Ltd - India	2,17,168.12	-
Infosys BPO Limited - India	16,47,532.89	-
Infosys McCamish Systems LLC	-	55,970.38
Infy Consulting B.V.	6,34,934.26	-
	24,99,635.27	55,970.38

16.3 Costs of mutual transactions in the financial year

(All amounts are presented in PLN)

	Purchases of services
Infosys (Czech Republic) Limited s.r.o.	5,58,902.75
Infosys BPO Limited - India	2,64,604.69
Infosys Ltd - India	2,77,271.30
	11,00,778.74

17. Material transactions concluded by the Company with related parties on terms other than on an arms-length basis.

No material transactions have been concluded with related parties on terms other than on an arms-length basis

18. Employment

(All amounts are presented in PLN)

Average level of employment during the financial year :	
White-collar workers	2,351
	2,351

19. Remuneration and loans and similar benefits granted to persons from the company's governing, administrative and supervisory bodies

In the current and previous accounting period no loans or similar benefits were granted to persons from the company's governing, administrative and regulatory bodies. Moreover, these persons haven't collected their remunerations in the current year.

20. Remuneration for the body authorized to perform the audit, paid or due

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Remuneration for the performance of the audit of the annual financial statements	1,02,441.60	98,136.00

21. Events concerning previous years included in the financial statements of the financial year

No events occurred concerning the previous years included in the financial statements of the financial year.

22. Events after the balance sheet date not reported in the financial statements

No significant events took place after the balance sheet date, which events were not recognized in the financial statements.

23. Information about the consolidated financial statements

Infosys Limited with the registered office in India, Electronics City, Hosur Road, Bangalore draws up the consolidated financial statements with regard to the highest level of the capital group which comprises the Company as a subsidiary.

Infosys BPO Limited with the registered office in India, Electronics City, Hosur Road, Bangalore draws up the consolidated financial statements with regard to the lowest level of the capital group which comprises the Company as a subsidiary which is also a member of the above-mentioned capital group.

24. Contingent liabilities

"The Company issued a blank bill of exchange to secure the repayment of financing granted by the Ministry of Economy on the basis of the subsidy agreement for the project "Development of Accounting Services, IT and creation of the Research and Development Department" of 10 December 2012 in an amount of PLN 13 106 073.60.

The amount of the subsidy was PLN 7 299 089.68.

The amount of funding received as on the balance sheet date was equal to 8.009.903,81 PLN

The provisions concerning value added tax, corporate income tax or social insurance contributions are subject to frequent changes, which results in the lack of reference to firmly established regulations or legal precedents. Moreover, the applicable regulations are ambiguous, which results in different opinions regarding the interpretation of tax regulations between state authorities as well as between state authorities and entrepreneurs. Tax settlements and other (for example customs duties settlements or foreign currency settlements) can be subject to inspections of authorities which are authorized to impose severe punishments and the additional amounts of liabilities established as a result of such inspections must be paid allowing for accrued interest. Such situations contribute to the fact that tax risk in Poland is higher than in other countries, usually in those which have a better developed taxation system.

Tax settlements may be subject to inspections for 5 years. Consequently, the amounts specified in the financial statements may be changed at a later stage after the tax authorities finally determine what they should be.

25. Information on financial instruments

25.1 Goals and terms of financial risk management

The Company's activity is exposed to the following kinds of risk resulting from the possession of financial instruments:

- credit risk
- liquidity risk
- market risk

Basic rules for the risk management

The Management Board shall be liable for the establishment and control over the risk management of the Company, including identification and analysis of risks, to which the company is exposed, specifying the proper limits of, and supervision of, such risks, as well as risk monitoring and the extent to which such limits are observed. The risk management rules and procedures are subject to regular inspections in order to allow for changes in the market conditions and changes in the Company's activity.

Credit risk

Credit risk means a risk where the Company incurs a financial loss when a customer or a party to a financial instrument does not fulfil their contractual duties. Credit risk is connected especially with debt financial instruments. The goal of risk management is to maintain a stable and balanced loan receivables portfolio when it comes to quality and value, thanks to the policy of establishing credit limit facilities for the parties to an agreement.

Liquidity risk

Liquidity risk is when the Company is at risk of having difficulties in fulfilling its financial obligations which are settled through cash or other financial assets. The Company's management of liquidity consists in guaranteeing that the Company's liquidity is as much as possible sufficient to satisfy any amounts due, both in a normal as well as crisis, situation, without causing the Company to suffer unacceptable losses or undermining its reputation.

Market risk

Market risk consists in the fact that changes of market prices such as currency rates or interest rate will affect the Company's results or value of the financial instruments held. Market risk management aims at maintaining and monitoring the extent to which the Company is exposed to the market risk within the limits of established parameters and at the same time at seeking optimization of financial rate of return from investments. The company acquires and disposes of derivatives in order to manage market risk.

a) Foreign exchange risk

The Company is exposed to foreign exchange risk in connection with sales, purchases and loans which are expressed in foreign currency, mainly in USD and EUR. The Company minimizes foreign exchange risk through making forward contracts for purchase/sale of currencies.

b) interest rate risk

The Company is exposed to a risk of fair value changes resulting from fixed interest rate assets.

25.2 Classification of financial instruments

(All amounts are presented in PLN)

Portfolio	Description	Balance sheet amount	Terms and conditions affecting future cash flows
Cash and cash equivalents	: cash and bank	28,21,513.49	n/a
Cash and cash equivalents	: deposits	1,20,00,312.33	interests 0,95%; realisation 2016-04-05
Other short-term financial assets	: deposits	8,01,41,150.68	interests 1,4%;; realisation 2016-07-27
		1,00,17,643.84	interests 2,37%;; realisation 2016-08-29
		1,30,13,676.71	interests 1,6%;; realisation 2016-09-08
		2,00,00,821.92	interests 1,5%;; realisation 2016-07-07
Financial liabilities held for trading, including	:derivatives	15,74,155.12	contracts realisation from 04.2015 to 12.2015
Financial assets available for sale	Investment in Vertex Venture	1,20,23,880.00	

25.3 Carrying value of financial instruments valued at fair value

The carrying value of financial instruments valued at fair value amounts to 1.574.155,12 PLN (negative value). Whereas the income statement of the reporting period has been included in the amount of 957,192.29 zł (increasing other financial expenses).

25.4 Interest rate risk

(All amounts are presented in PLN)

	31.03.2014	31.03.2013
	Carrying value	Carrying value
Financial instruments:		
- fixed rate instruments		
Financial assets, including:	13,51,73,605.48	8,51,37,788.93
loans	-	1,17,81,344.00
deposits	13,51,73,605.48	7,33,56,444.93

25.5 Credit risk

The Company's maximum exposure to credit risk corresponds to the balance sheet value of the following financial assets:

(All amounts are presented in PLN)

	31.03.2014	31.03.2013
	Carrying value	Carrying value
Financial assets:		
Receivables and loans granted	-	1,17,81,344.00
Trade receivables	6,28,76,065.83	7,41,34,986.69
Other short-term financial assets - deposits	12,31,73,293.15	-
Cash – deposits	1,20,00,312.33	7,33,56,444.93
Cash – other	28,21,513.49	1,24,09,517.28
Financial assets available for sale	1,20,23,880.00	-
	21,28,95,064.80	17,16,82,292.90

As at the balance sheet date there is no significant credit risk concentration relative to the aforementioned financial assets excluding cash which is held mainly in a single financial institution. The Company considers the credit risk to be low because of the good reputation of the institution.

26. Fair value of financial assets and liabilities

Fair value of financial instruments not valuated at fair value is similar to their balance sheet (book) value.

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Infosys McCamish Systems, LLC,

Financial statements March 31, 2016 and 2015

Independent Auditors' Report

The Board of Directors of Infosys BPO Limited:

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys McCamish Systems, LLC, which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income, changes in members' equity and comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Infosys McCamish Systems, LLC as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG
Bangalore, India
May 17, 2016

Balance Sheet

(In United States Dollars)

	Notes	March 31, 2016	March 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	5	49,95,182	1,24,04,716
Accounts receivables, net of doubtful balances	6	58,42,221	94,33,511
Unbilled revenue		12,49,544	15,18,859
Income tax assets		1,17,034	–
Prepayments and other assets	7	6,18,415	6,24,693
		1,28,22,396	2,39,81,779
Non-current assets			
Deferred tax asset, net	17	38,27,830	–
Property, plant and equipment	8	18,85,743	17,83,137
Goodwill	9	3,05,94,094	3,05,94,094
Intangible assets	9	33,36,484	46,72,040
Total non-current assets		3,96,44,151	3,70,49,271
Total assets		5,24,66,547	6,10,31,050
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	11	9,64,029	16,92,950
Unearned revenue		6,18,138	18,28,816
Income tax liabilities		–	8,054
Provisions	12	10,06,276	7,61,346
Other liabilities	13	55,02,894	1,47,77,788
Total current liabilities		80,91,337	1,90,68,954
Non-current liabilities			
Deferred tax liability, net	17	–	59,90,879
Loan from related parties	18	–	40,00,000
Total non-current liabilities		–	99,90,879
Total liabilities		80,91,337	2,90,59,833
MEMBER'S EQUITY			
Member's equity		3,60,70,038	3,60,70,038
Additional paid-in-capital		1,64,24,108	1,64,24,108
Accumulated deficit		(81,18,936)	(2,05,22,929)
Total member's equity		4,43,75,210	3,19,71,217
Total liabilities and member's equity		5,24,66,547	6,10,31,050

The accompanying notes form an integral part of the financial statements

Statement of Income

(In United States Dollars)

	Notes	Year ended March 31,	
		2016	2015
Revenues		5,44,14,906	5,22,15,944
Cost of revenues	14	4,07,10,905	4,18,65,555
Gross profit		1,37,04,001	1,03,50,389
EXPENSES			
Selling and marketing expenses	14	12,26,927	6,32,118
Administrative expenses	14	84,85,477	78,25,715
Amortization of intangible assets	9	13,35,556	13,35,556
Total operating expenses		1,10,47,960	97,93,389
Operating profit		26,56,041	5,57,000
Finance expenses	15	22,583	49,136
Other expense	16	22,965	48,849
Profit before income taxes		26,10,493	4,59,015
Income taxes	17	(97,93,500)	5,61,889
Net Profit/ (loss) for the year		1,24,03,993	(1,02,874)

The accompanying notes form an integral part of the financial statements

Statement of changes in member's equity and comprehensive income

(In United States Dollars)

	Member's equity	Additional paid in capital	Comprehensive income	Accumulated deficit	Total Member's equity
Balance as of April 1, 2014	3,60,70,038	1,64,24,108	–	(2,04,20,055)	3,20,74,091
Changes in members equity for the year ended March 31, 2015					
Net loss for the year	–	–	–	(1,02,874)	(1,02,874)
Comprehensive income			(1,02,874)		
Balance as of March 31, 2015	3,60,70,038	1,64,24,108	(1,02,874)	(2,05,22,929)	3,19,71,217
Changes in members equity for the year ended March 31, 2016					
Net profit for the year	–	–	–	1,24,03,993	1,24,03,993
Comprehensive income			1,24,03,993		
Balance as of March 31, 2016	3,60,70,038	1,64,24,108	1,24,03,993	(81,18,936)	4,43,75,210

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

(In United States Dollars)

	Year ended March 31,	
	2016	2015
Cash flows from operating activities		
Net profit/ (loss) for the year	1,24,03,993	(1,02,874)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax (income)/ expense	(97,93,500)	5,51,894
Provision for SLA	2,44,930	33,510
Loss on sale of plant and equipment	6,276	–
Allowance for doubtful accounts	1,20,415	64,322
Depreciation	7,66,203	5,60,109
Amortization of intangible assets	13,35,556	13,35,556
Cash Operating Profit	50,83,873	24,42,517
Changes in assets and liabilities		
Accounts receivable	34,70,875	(30,63,211)
Prepayments and other assets	6,278	4,10,303
Unbilled revenues	2,69,315	(76,670)
Trade payables	(7,28,921)	8,31,877
Unearned revenue	(12,10,678)	11,36,611
Other liabilities and provisions	(33,12,050)	12,67,032
Income taxes paid	(1,50,297)	–
Net cash provided/ (used) in operating activities	34,28,395	29,48,459
Cash flows from investing activities		
Expenditure on plant and equipment	(8,75,085)	(10,14,882)
Net cash used in investing activities	(8,75,085)	(10,14,882)
Cash flows from financing activities		
Loan from related parties repaid	(40,00,000)	–
Net cash used in financing activities	(40,00,000)	–
Net changes in cash and cash equivalents	(14,46,690)	19,33,577
Cash and cash equivalents at the beginning of the year	62,76,663	43,43,086
Cash and cash equivalents at the end of the year	48,29,973	62,76,663
Supplementary information:		
Interest paid during the year	1,64,357	–
Interest expense, not paid at balance sheet date	–	1,41,774

The accompanying notes form an integral part of the financial statements.

Restricted Deposits with Wells Fargo Bank amounting to $165,209 and $6,128,053 as at the years ended March 31, 2016 and 2015 have not been considered as cash and cash equivalents in the Statement of Cash Flows.

Notes to the financial statements

(In United States Dollars, except where otherwise stated)

1. Company overview and significant accounting policies

1.1 Company overview

Infosys McCamish Systems, LLC, (the Company) is a platform based business process outsourcer (BPO) that provides end to end administrative services to the financial services industry in support of life insurance and annuity products, non qualified retirement plans and the distribution organizations that sell these products. The Company leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS (Software as a Service), license and other hybrid service models. The Company's clients, which include many of the largest financial services companies in the United States of America ('United States' / 'USA' / 'US') and a growing number outside of the United States, hire the Company to support single products, a single line of business or the client's entire product portfolio.

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act (the Act). The Company was acquired by Infosys BPO Limited, a subsidiary of Infosys Limited, an SEC registrant, on December 4, 2009. The terms of formation were specified by the operating agreement of the Company. The Company will continue until December 31, 2060, unless terminated earlier pursuant to the terms of the operating agreement. On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division – Seabury & Smith Inc. ('Marsh BPO').

In May 2013, the name of the company was changed from "McCamish Systems LLC" to "Infosys McCamish Systems LLC" following approval of the name change by the Company's member.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

As explained in note 7, these separate financial statements of the Company have been prepared in accordance with Staff Accounting Bulletin on "Push-down basis of accounting required in certain limited circumstances". Accordingly, in applying push-down accounting, the carrying of the assets and liabilities in these financial statements have been adjusted to reflect the purchase price adjustments recorded in the consolidated financial statements of Infosys Limited.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to, accounting for costs and efforts expected to be incurred to complete performance under software development arrangements, allowance for uncollectible accounts receivable, future obligations under employee benefit plans, the useful lives of plant and equipment and intangible assets and income tax provisions. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from consulting services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance agreement.

The Company also derives revenues from consultancy services, software subscription, software license and maintenance services. Arrangements with customers for the Company's services are either on a time and material or on a fixed price, fixed timeframe basis.

The Company also derives revenues from business process management services through third-party administration of the Company's products outsourced to its customers and data center hosting. Business process outsourcing services are provided as a fixed-price per measure of output contract or as a fixed-price contract. Revenue is recognized in the period the services are provided using an objective measure of output over the term of the contract; the amount of revenue recognized is based on the services delivered in the period. Revenue from the data center hosting contracts is recognized ratably over the term of the contract.

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of revenues. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

Reimbursements for out-of-pocket expenses are included in revenue in the accompanying statements of operations in accordance with FASB ASC Topic 605-45 (Emerging Issues Task Force Issue No. 01-14 (EITF 01-14)), *Revenue Recognition – Principal Agent Considerations.*

When the Company receives advances for services and products, such amounts are reported as client deposits until all conditions for revenue recognition are met. The Company accounts for volume discounts and pricing incentives to customers using the guidance in FASB ASC Topic 605-50 (EITF Issue 01-09), *Customer Payments and Incentives.*

Consistent with the guidance in FASB ASC Topic 605-0-3 (EITF Issue 06-03), *Taxes Collected from Customers and Remitted to Governmental Authorities,* which became applicable to the Company on April 1, 2007, the Company continues to present revenues net of sales and value-added taxes in its statement of operations.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.* Deposits paid towards the acquisition of these long lived assets outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under "Capital work-in-progress". Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance cost are charged to earnings when incurred. The cost and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Cash and cash equivalents comprise cash and cash on deposit with banks.

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

Effective April 1, 2009, the Group adopted the provisions of FASB ASC 740 (Formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109). FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax. For the year ended March 31, 2016, the Board of Directors identified no material uncertain income tax positions relevant to the jurisdictions where the Company is required to file income tax returns.

1.10 Fair value of financial instruments and concentration of credit risk

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 balance sheet date. The methods used to determine fair value include discounted cash flow analysis and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all financial instruments including cash and cash equivalents, trade accounts receivables, prepaid expenses and other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market, is not reasonably estimable. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, and trade accounts receivable. By nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2016 and 2015 there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements, if any. Exposure to credit risk is managed through credit approvals, establishing credit limits and monitoring procedures. The factors which affect the fluctuations in the Company's provisions for bad debts and write offs of uncollectible accounts include the financial health and economic environment of the clients. The Company specifically identifies the credit loss and then makes the provision.

1.11 Research and development

Research and development costs are expensed as incurred. Development costs are expensed as incurred until technological feasibility is achieved. Research and development costs incurred under contractual arrangements with customers are accounted as cost of revenues.

1.12 Business combinations, goodwill and intangible assets

The Company accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired businesses, including goodwill, are assigned to reporting units. Contingent consideration arrangements are fair valued at the acquisition date and included on that basis in the purchase price consideration and transaction costs are expensed as incurred.

All assets and liabilities of an acquired business including goodwill are assigned to reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually, using a two-step impairment process.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment, which provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required. The Company adopted this guidance in 2012.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

2. Recent accounting pronouncements

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Company will implement the provisions of ASU 2014-09 as of January 1, 2018. The Company has not yet determined the impact of the new standard on its current policies for revenue recognition.

The FASB issued ASU 2016-02, Leases (Topic 842), in February 2016, which supersedes FASB ASC Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the Company for annual periods in fiscal years beginning after December 15, 2019, permits early adoption, and mandates a modified retrospective transition method. The Company is required to adopt ASU 2016-02 on January 1, 2020, but is evaluating whether to early adopt the new standard. While the Company expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the consolidated balance sheets, it is evaluating other effects that the new standard will have on the financial statements.

3. Member's equity

At March, 2016, the Company had one member, Infosys BPO Limited (the "Member"). The Member owns 100% of the interests of the Company. Upon liquidation, dissolution or winding-up of the Company, the Member is entitled to receive 100% of the available net assets of the Company. No contribution was made during the year ended March 31, 2016.

4. Business acquisitions

On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division – Seabury & Smith Inc. ('Marsh BPO') by paying a purchase consideration of USD 2 million and goodwill of USD 696,400 is recorded in the books, which represents the excess of the purchase price over the net assets.

5. Cash and cash equivalents

Cash and cash equivalents as on March 31 are as follows:

	Amount in USD	
	2016	2015
Cash and bank balances*	4,995,182	12,404,716
	4,995,182	12,404,716

* The Company is acting as the Third Party Administrator ('TPA') on behalf of a customer, Continental Casualty Company, by collecting insurance premium from the policyholders and remitting the same to the carriers / insurance companies. Cash and bank balances includes the insurance premium collected from policyholders on behalf of the customer, amounting to USD 165,209 as at March 31, 2016 (USD 6,128,053 as at March 31, 2015). Accordingly, the Company has recognized a liability towards payment of insurance premium in its balance sheet as at March 31, 2016 and 2015, respectively for the same amount.

6. Accounts receivable, net

Accounts receivable, net as on March 31, 2016 and 2015 is USD 5,842,221 and USD 9,433,511 respectively. The Company maintains an allowance for doubtful accounts based on financial condition of the customer and ageing of the accounts receivable. Accounts receivables are not collateralized. During the year ended 31 March 2016 and 31 March 2015, the Company has made allowance amounting to USD 191,647 and 71,658, respectively, towards doubtful accounts receivable.

The age profile of accounts receivable, net as on March 31 is given below:

	Amount in USD	
	2016	2015
Period (in days)		
0-30	44,44,930	44,99,113
31-60	13,96,673	41,46,083
61-90	618	5,34,664
More than 90	–	2,53,651
	58,42,221	94,33,511

7. Prepayment and other assets

Prepayment and other assets as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Prepaid expenses	18,183	74,640
Rental and maintenance deposits	89,760	33,860
Other current assets	5,10,472	514,572
Due from service provider*	–	1,621
Current total	6,18,415	6,24,693

* As per the terms of the revenue contracts acquired, Marsh BPO was acting as the Third Party Administrator ('TPA') on behalf of the insurance companies i.e. its customers by collecting insurance premium from the policyholders and remitting the same to the carriers / insurance companies Post-acquisition, the Company is performing

this role, however the amounts collected are still being transferred to Marsh's bank account since the transfer of bank account to the Company has not yet taken place.

However, the contracts have been assigned to Company, and in case of any issues/ disputes with the customer, the Company is liable for repaying the insurance premium collected on behalf of the insurance companies. Accordingly, the Company has recognized a liability towards payment of insurance premium in its balance sheet as at March 31, 2016 and 2015, respectively, with a corresponding debit to amount recoverable / receivable from Marsh of the same amount, since the money has been transferred to Marsh's bank account and the Company has the right to recover the same from Marsh. The Company has also received a confirmation from Marsh for the amount collected on behalf of the Company in Marsh's bank account.

8. Plant and equipment, net

Plant and equipment as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Computer equipment	6,476,608	5,793,979
Office furniture and equipment and leasehold improvements	997,092	962,280
	7,473,700	6,756,259
Accumulated depreciation	(5,701,331)	(4,973,122)
	1,772,369	1,783,137
Capital work-in-progress	113,374	-
	1,885,743	1,783,137

Depreciation expense amounted to USD 766,203 and USD 560,109 for the year ended March 31, 2016 and March 31, 2015 respectively which has been allocated to cost of revenue.

9. Goodwill and intangible assets

The following table presents the reconciliation of changes in carrying values of goodwill as on March 31:

	Amount in USD	
	2016	2015
Balance at the beginning and end of the year	30,594,094	30,594,094

On December 4, 2009, 100% of the voting interests in the Company were acquired by Infosys BPO Limited ('Infosys BPO'), a business process management services provider based out of India which is a majority owned subsidiary of Infosys Limited ('Infosys'), a leading global technology services firm based out of India. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of USD 37 million and a contingent consideration of up to USD 20 million. The fair value of the contingent consideration and its undiscounted value on the date of acquisition were USD 8.6 million and USD 14.6 million, respectively.

This business acquisition is expected to enable Infosys BPO to deliver growth in platform-based services in the insurance and financial services industry and is also expected to enable the Company to service larger portfolios of transactions for clients and expand into global markets. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill. Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions.

The purchase price has been allocated in Infosys's consolidated financial statements, based on management's estimates and an independent appraisal of fair values as follows, on the date of acquisition:

Component	Amount in USD Purchase price allocated
Property and equipment	1,162,076
Net current assets	1,734,380
Intangible assets – customer contracts and relationships	10,400,000
Intangible assets – computer software platform	2,700,000
	15,996,456
Goodwill	29,897,694
Total purchase price	45,894,150

The entire goodwill is deductible for tax purposes.

The identified intangible customer contracts and relationships are being amortized over a period of nine years whereas the identified intangible computer software platform was amortized over a period of four months ended March 31, 2010, based on management's estimate of the useful life of these assets.

Intangible assets as on March 31, 2016 consist of the following:

	Customer contracts and relationships	Computer software platform
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	7,963,516	2,950,000
Net carrying value	3,336,484	–

Intangible assets as on March 31, 2015 consist of the following:

	Customer contracts and relationships	Computer software platform
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	6,627,960	2,950,000
Net carrying value	4,672,040	–

The aggregate amortization expense for the year ended March 31, 2016 and March 31, 2015 amounted to USD 1,335,556 and USD 1,335,556 respectively.

The estimated amortization expense for intangible assets for each of the two succeeding annual years is the USD 1,335,556.

As required by Staff Accounting Bulletin on "Push-down basis of accounting required in certain limited circumstances", in applying push-down accounting, the goodwill and intangible assets recognized by acquiring entity were recognized in these separate financial statements of the Company and the retained earnings of the Company on the date of acquisition was eliminated with an offsetting adjustment to the additional paid-in capital. The impact on the carrying amounts of the assets, liabilities and equity in applying push down accounting is as follows:

(Amount in USD)

Component	Before push-down	After push-down
Goodwill	–	29,897,694
Intangible assets	–	13,100,000
Retained earnings	17,973,582	–
Contingent consideration payable*	–	(8,600,000)
Additional paid–in capital	–	(16,424,112)
	17,973,582	17,973,582

10. Leases

Minimum rent payments under operating leases are recognized on a straight line basis over the lease term. Additionally, the Company is obligated under non-cancelable operating lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and the lessee. The current lease for office space expires on June 30, 2018. Future minimum lease payments below only include lease payments through that date. Future minimum lease payments associated with the lease renewal will be disclosed in these financial statements as a subsequent event. Total rental expenditure under the operating leases, cancelable and non-cancelable was USD 810,395 and USD 920,380 during the year ended March 31, 2016 and 2015, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31 are:

	Amount in USD	
	2016	2015
FY 2016	–	769,709
FY 2017	808,194	808,194
FY 2018	808,194	808,194
FY 2019	212,151	212,151

11. Trade payables

Trade payables as on March 31 are as follows:

	Amount in USD	
	2016	2015
Dues to related parties (refer Note 18)	950,232	625,332
Other trade payables	13,797	1,067,618
	964,029	1,692,950

12. Provisions

Provisions as on March 31 are as follows:

	Amount in USD	
	2016	2015
Provision for service level risk on revenue contracts	1,006,276	761,346

13. Other liabilities

Other liabilities as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Accrued compensation to staff	1,357,679	2,777,130
Withholding taxes payable	505,612	368,766
Provision for expenses*	3,043,788	4,781,348
Rent holiday accrual	430,607	579,012
Interest payable	–	141,774
Due to carrier/insurance provider**	165,209	6,129,674
	5,502,895	14,777,788

*Provision for expenses at March 31, 2016 primarily consists of computer and software costs USD 722,991, postage and other communication costs USD 744,432, contract labor USD 577,243, professional charges and audit fees USD 495,450 and others USD 503,672.

*Provision for expenses at March 31, 2015 primarily consists of cost of technical sub-contractor USD 1,876,695, postage and other communication costs USD 995,008, cost of software packages USD 986,719, professional charges and audit fees USD 429,618 and others USD 493,308.

**Refer note 5 and 7

14. Operating expenses

Operating expense for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Employee benefit expenses	26,802,628	26,652,967
Cost of technical sub-contractors	12,053,891	10,012,466
Office expenses	673,212	565,513
Depreciation and amortization expense	2,101,760	1,895,665
Cost of software packages	1,730,303	2,799,284
Rent (refer note 10)	810,395	920,380
Travel expenses	403,494	465,117
Communication expenses	1,160,560	996,302
Professional charges	1,190,684	2,949,233
Insurance charges	198,566	78,243
Postage and couriers	3,856,888	3,052,562
Other expenses	776,484	1,271,212
	51,758,865	51,658,944

Function wise classification of operating expenses for the year ended March 31, 2016 and 2015 are as follows:

(Amount in USD)

Year ended March 31, 2016	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	23,835,628	1,933,045	1,033,955	26,802,628
Cost of technical subcontractors	12,053,891	–	–	12,053,891
Office expenses	316,149	356,789	274	673,212
Depreciation	766,204	–	–	766,204
Cost of software packages	1,239,860	476,443	14,000	1,730,303
Rent	810,395	–	–	810,395
Travel expenses	289,423	31,045	83,026	403,494
Communication expenses	70,239	1,081,484	8,837	1,160,560
Professional charges	1,119,879	69,805	1,000	1,190,684
Insurance	183,088	15,478	–	198,566
Postage and courier	–	3,856,888	–	3,856,888
Other expenses	26,149	664,500	85,835	776,484
	40,710,905	8,485,477	1,226,927	50,423,309

(Amount in USD)

Year ended March 31, 2015	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	24,010,091	2,079,630	563,246	26,652,967
Cost of technical subcontractors	10,012,466	–	–	10,012,466
Office expenses	419,139	145,717	657	565,513
Depreciation	560,109	–	–	560,109
Cost of software packages	1,605,917	1,193,367	–	2,799,284
Rent	920,380	–	–	920,380
Travel expenses	417,005	18,412	29,700	465,117
Communication expenses	277,504	719,837	(1,039)	996,302
Professional charges	3,019,645	(70,412)	–	2,949,233
Insurance	74,096	4,147	–	78,243
Postage and courier	–	3,052,562	–	3,052,562
Other expenses	549,203	682,455	39,556	1,271,212
	41,865,555	7,825,716	632,118	50,323,388

15. Finance expenses

Interest expenses for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Interest expense on loans from related parties	22,583	49,136
	22,583	49,136

16. Other expenses

Other expenses for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Exchange differences	16,689	48,849
Loss on sale of plant and equipment	6,276	–
	22,965	48,849

17. Income taxes

The Company has elected to be taxable as a corporation as of the date of acquisition by Infosys BPO Limited. The income tax expense during the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Current taxes	25,209	10,245
	25,209	10,245
Deferred taxes	(9,818,709)	551,644
	(9,818,709)	551,644
Income tax expense	(9,793,500)	561,889

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liability as of March 31 are set forth below:

	Amount in USD	
	2016	2015
Deferred tax assets:		
Carry forward business losses	8,102,309	8,354,207
Intangibles	1,624,450	1,454,976
Accrued bonus	261,131	573,298
Deferred rent	155,881	202,310
Accruals	364,274	262,524
Others	84,245	75,926
Total deferred tax assets	10,592,290	10,756,275
Deferred tax liability:		
Goodwill	(3,243,829)	(2,636,589)
Prepaid expenses	(6,582)	(26,079)
Intangible assets	(3,475,222)	(3,354,290)
Depreciation	(38,827)	(14,337)
Total deferred tax liability	(6,764,460)	(6,016,958)
Less: Valuation allowance	–	(10,897,162)
Deferred tax asset / (liability), net	3,827,830	(5,990,879)

Management establishes a valuation allowance for deductible temporary differences when it is more likely than not that the benefit of such deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced. The Company has net operating loss carry forwards of USD 21,704,190 and USD 24,314,683 available to offset future taxable income as on 31, 2016 and 2015, respectively. The 2016 carry forward losses will expire by 2034.

In assessing the realisability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Management believes that it is more likely than not that the Company will realize the benefit of any deductible differences at March 31, 2016.

18. Related party transactions

(a) The Company has identified the following to be related parties:

Key Management personnel	Designation
Mr. Anup Uppadhayay	Chairman and Director
Mr. Deepak Bhalla	Director
Mr. Ravi Kumar S	Director
Mr. Kapil Jain	Director
Mr. Gordon Beckham	Chief Executive Officer and Director
Mr. Rishi Kumar Jain	Chief Operating Officer and Director
Mr. Richard Magner	Sales Head and Director

Other companies within the Group with which the Company has transactions during the year

- Infosys Limited , Ultimate holding company (IL)
- Infosys BPO Limited, the holding company (IBPO)
- Infosys Poland sp.z.o.o *
- Infosys (Czech Republic) Limited s.r.o *

** wholly owned subsidiaries of Infosys BPO Limited.*

(b) The following is a summary of significant transaction with related parties:

	Amount in USD	
	Year ended March 31, 2016	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	413,815
Purchase of services from IBPO	–	8,040,238
Purchase of shared services from IBPO	–	8,445,263
Sale of shared services to IBPO	–	22,581
Remuneration to key managerial personnel	833,160	–
Interest expense on loan from IBPO SRO Czech	–	5,892
Interest expense on loan from IBPO Poland	–	16,692
Capital transactions:		
Financing		
Repayment of loan taken from related parties		
- Infosys Poland Sp.z.o.o	–	(3,000,000)
- Infosys (Czech Republic) Limited S.r.o	–	(1,000,000)

	Amount in USD	
	Year ended March 31, 2015	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	978,310
Purchase of services from IBPO	–	4,753,763
Remuneration to key managerial personnel	1,212,923	–
Interest expense on loan from IBPO SRO Czech	–	12,765
Interest expense on loan from IBPO Poland	–	36,371

As on March 31, 2016, the balance payable to IBPO and IL was USD 936,700 and USD 13,532 respectively.

As on March 31, 2015, the balance payable to IBPO and IL was USD 625,332 and Nil respectively.

On January 10, 2011 and March 21, 2011, Company entered into loan agreements with IBPO SRO Czech to finance the Company's operations, in the amounts of USD 1,970,000 and USD 2,000,000, respectively. These loans are subject to a market rate of interest set at 1.28% p.a. for the period of loan inception date to March 31, 2016. The company repaid loan amount of USD 970,000 to Czech during the calendar year 2014 and USD 1,000,000 during the current year.

As of March 31, 2016, the principal balance on the loan was USD Nil (March 31, 2015: USD 1,000,000) and the balance of interest due to IBPO S.r.o Czech was USD Nil (March 31, 2015: USD 51,586).

On April 15, 2013, Company entered into a loan agreement with IBPO Poland to finance the Company's operations, in the amount of USD 1,000,000. This loan is subject to a market rate of interest set at 1.26% p.a. for the period of loan inception date to March 31, 2016. On July 15, 2013, Company entered into another loan agreement with IBPO Poland to finance the Company's operations, for an amount of USD 2,000,000. This loan is subject to a market rate of interest set at 1.88% p.a. for the period of loan inception date to March 31, 2016. The company had repaid loan amount of USD Nil to IBPO Poland during the financial year ended 2015 and USD 3,000,000 during the current financial year.

As of March 31, 2016, the principal balance on the loan was USD Nil (March 31, 2015: USD 3,000,000) and the balance of interest due to IBPO Poland was USD Nil (March 31, 2015: USD 90,188).

19. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2016 and 2015.

Contingencies and lawsuits

The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no such pending matters that are expected to have material effect on these financial statements.

20. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2016 up through May 17, 2016, the date the financial statements were issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

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Portland Group Pty Ltd

ABN: 48 086 842 597

Special purpose Financial Report

Statement of financial position

In Australian dollars

Particulars	31 March		
	Note	2016	2015
Assets			
Cash and cash equivalents	10a	19,243,067	14,741,252
Trade and other receivables	8	6,147,001	9,295,428
Prepayments	9	64,824	31,175
Total current assets		25,454,892	24,067,855
Deferred tax assets	14a	1,129,470	622,509
Property, plant and equipment	11	137,029	169,833
Other non-current assets	10c	500,000	–
Total non-current assets		1,766,499	792,342
Total assets		27,221,391	24,860,197
Liabilities			
Trade and other payables	12	80,889	101,963
Other current liabilities	13	1,123,250	1,100,684
Current tax liabilities		738,607	2,085,732
Provisions	15	166,396	392,539
Employee benefit obligations	16	4,466,312	3,612,350
Total current liabilities		6,575,454	7,293,268
Employee benefit obligations	16	443,221	332,941
Total non-current liabilities		443,221	332,941
Total liabilities		7,018,675	7,626,209
Net assets		20,202,716	17,233,988
Equity			
Share capital	17a	3,389,049	3,389,049
Retained earnings		16,813,667	13,844,939
Total equity		20,202,716	17,233,988

The notes are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

In Australian dollars

Particulars	Note	Year ended March 31	
		2016	2015
Revenue		30,617,566	37,708,492
Cost of sales		(24,389,932)	(28,679,221)
Gross profit		6,227,634	9,029,271
Other income – distribution received from subsidiary prior to wind up of the subsidiary		–	815,898
Selling and distribution expenses		(166,656)	(196,043)
Administrative expenses		(1,911,391)	(3,466,901)
Operating profit		4,149,587	6,182,225
Finance income	5	330,373	324,251
Finance costs		–	–
Net finance income		330,373	324,251
Profit before tax		4,479,960	6,506,476
Income tax expense	14b	(1,511,232)	(1,428,864)
Profit after tax		2,968,728	5,077,612
Other comprehensive income			
Items that will never be reclassified to profit or loss:		–	–
Items that are or may be reclassified subsequently to profit or loss:		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		2,968,728	5,077,612

The notes are an integral part of these financial statements.

Statement of changes in equity for the year ended March 31, 2016

In Australian dollars

Particulars	Share capital	Retained earnings	Total equity
Balance at April 1, 2014	3,389,049	8,767,327	12,156,376
Total other comprehensive income	–	–	–
Profit for the year	–	5,077,612	5,077,612
Total comprehensive income	–	5,077,612	5,077,612
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2015	3,389,049	13,844,939	17,233,988
Balance at April 1, 2015	3,389,049	13,844,939	17,233,988
Total other comprehensive income	–	–	–
Profit for the year	–	2,968,728	2,968,728
Total comprehensive income	–	2,968,728	2,968,728
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2016	3,389,049	16,813,667	20,202,716

The amounts recognised directly in equity are disclosed net of tax.

The notes are an integral part of these financial statements.

Statement of cash flows

In Australian dollars

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Cash flows from operating activities			
Cash receipts from customers		36,827,750	41,368,000
Cash paid to suppliers and employees		(28,656,759)	(36,642,416)
Cash generated from operations		8,170,991	4,725,584
Interest received		295,981	332,717
Income tax paid		(3,365,318)	(938,868)
Net cash from operating activities		5,101,654	4,119,433
Cash flows from investing activities			
Investment in security deposit		(500,000)	–
Purchase of plant and equipment	11	(99,839)	(70,729)
Net cash used in investing activities		(599,839)	(70,729)
Cash flows from financing activities			
Proceeds from issue of share capital		–	–
Dividends paid		–	–
Net cash used in financing activities		–	–
Net increase in cash and cash equivalents		4,501,815	4,048,704
Cash and cash equivalents at April 1		14,741,252	10,692,548
Cash and cash equivalents as at March 31	10a	19,243,067	14,741,252

The notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Portland Group Pty Ltd (the "Company") is a Company domiciled in Australia. The Company's registered office is Level 8, 68 Pitt Street, Sydney NSW 2000, Australia. The parent of the Company is Infosys BPO Ltd. India and the ultimate parent is Infosys Ltd., India. The Company is a for–profit entity and primarily is involved in provision of project based consultancy support and ongoing management services to improve the Company's profitability in the long term.

2. Basis of preparation

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the Company have been drawn up as special purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

(a) Basis of accounting

The special purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements do not include the disclosure requirements of all AASBs except for the following

AASB 101 Presentation of Financial Statements
AASB 107 Statement of Cash Flows
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1031 Materiality
AASB 1048 Interpretation and Application of Standards
AASB 1054 Australian Additional Disclosure

The financial statements were approved by the Board of Directors on the 12th day of May 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 March 2016 are :

- Recognition of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

The Company recognises revenue from rendering services in portion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Client contracts are billed based on time and material and are invoiced monthly based on the rendered hours and expenses for the individual project/client. If not invoiced, an accrual (work in progress) is calculated and recognised with reference to the stage of completion of the project based on hours/ costs incurred.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long term employee benefits

The Company's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the repay date on government bonds that have maturity dates approximately the term of the Company's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant 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.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives of property, plant and equipment are as follows:

Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category

(i) Non derivative financial assets and liabilities - Recognition and derecognition

The Company initially recognises loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non derivative financial assets - Measurement

Financial assets at fair value through profit or loss:

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised in profit or loss.

Held to maturity financial assets:

These are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables:

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents:

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Available-for-sale financial assets:

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (see Note 3(b)), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

(iv) Share capital

Ordinary shares:

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;

The disappearance of an active market for a security.

Financial assets measured at amortised cost.

The Company considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i). Post sales client support

A provision for post sales client support is recognised when the underlying services are sold, based on historical post sales client support data and a weighting of all possible outcomes against their associated probabilities.

(i) Capital Management

The Directors' policy is to maintain strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes to the Company's capital management during the year.

(j) Goods and service tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leased assets

Assets held by the Company under leases, which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, and AASB 15 Revenue from Contracts with Customers, which replaces revenue recognition guidance included in AASB 118 Revenue and AASB 111 Construction Contracts, which could change the measurement and recognition of revenue. These standards become mandatory for the Company's 2019 financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

5. Finance Income

In Australian dollars

	For the year ended March 31	
	2016	2015
Interest income from deposits with banks	330,373	324,251
	330,373	324,251

6. Auditors' remuneration

In Australian dollars

	For the year ended March 31	
	2016	2015
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	15,000	15,000
Audit of financial statements – B S R & Co. LLP	21,577	23,135
	36,577	38,135

7. Expenses by nature

In Australian dollars

	For the year ended March 31	
	2016	2015
Depreciation	132,643	107,264
Employee benefits	19,339,047	23,527,658

8. Trade and other receivables

In Australian dollars

	For the year ended March 31	
	2016	2015
Current		
Trade receivables	4,814,966	6,748,351
Unbilled revenue	511,825	2,022,012
	5,326,791	8,770,363
Amounts due from related parties	820,210	525,065
	6,147,001	9,295,428

9. Prepayments

In Australian dollars

	For the year ended March 31	
	2016	2015
Prepaid expenses	30,087	17,267
Loans and advances to employees	124	5,904
Advances paid for suppliers	221	8,004
Interest accrued but not received	34,392	–
	64,824	31,175

10. Cash and cash equivalents

a. Cash and cash equivalents

In Australian dollars

	For the year ended March 31	
	2016	2015
Cash at Bank	19,243,067	14,741,252
	19,243,067	14,741,252

b. Cash flows from operating activities

In Australian dollars

	For the year ended March 31	
	2016	2015
Reconciliation of Cash flow from Operations with Profit after Income Tax		
Profit after income tax	2,968,728	5,077,612
Adjustments for:		
– Depreciation	132,643	107,264
– Profit on liquidation of subsidiary	–	(815,898)
	3,101,371	4,368,978
Changes in:		
– Trade and other receivables	3,148,427	(111,341)
– Prepayments	(33,649)	83,914
– Trade and other payables	(21,074)	28,587
– Other liabilities	22,566	(1,194,117)
– Current tax liabilities	(1,347,125)	1,670,952
– Deferred tax assets	(506,961)	–
– Provisions	(226,143)	1,015
– Deferred tax liabilities	–	(1,180,956)
– Employee benefits obligation	964,242	452,401
Net cash from operating activities	5,101,654	4,119,433

c. Other non-current assets

In Australian dollars

	For the year ended March 31	
	2016	2015
Bank deposits	500,000	–
	500,000	–

11. Property, plant and equipment

In Australian dollars

	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at 1 Apr 2014	45,613	310,701	275,107	631,421
Additions	–	–	70,729	70,729
Disposals	–	–	–	–
Balance at 31 March 2015	45,613	310,701	345,836	702,150
Balance at 1 Apr 2015	45,613	310,701	345,836	702,150
Additions	18,835	15,300	65,704	99,839
Disposals	–	(546)	(8,428)	(8,974)
Balance at 31 March 2016	64,448	325,455	403,112	793,015
Accumulated Depreciation				
Balance at 1 Apr 2014	25,668	171,334	228,051	425,053
Depreciation	8,585	60,584	38,095	107,264
Disposals	–	–	–	–
Balance at 31 March 2015	34,253	231,918	266,146	532,317
Balance at 1 Apr 2015	34,253	231,918	266,146	532,317
Depreciation	11,577	61,169	59,897	132,643
Disposals	–	(546)	(8,428)	(8,974)
Balance at 31 March 2016	45,830	292,541	317,615	655,986
Carrying Amounts				
At 1 April 2014	19,945	139,367	47,056	206,368
At 31 March 2015	11,360	78,783	79,690	169,833
At 1 April 2015	11,360	78,783	79,690	169,833
At 31 March 2016	18,618	32,914	85,497	137,029

12. Trade and other payables

In Australian dollars

	For year ended March 31	
	2016	2015
Trade payables	4,292	68,362
Amounts due to related party	76,597	33,601
	80,889	101,963

13. Other current liabilities

In Australian dollars

	For year ended March 31	
	2016	2015
Accrued expenses	896,828	519,081
Advance received from customers	–	248,849
Deferred revenue	48,123	–
Withholding taxes payable	178,299	332,754
	1,123,250	1,100,684

14. Tax assets and liabilities

(a) Deferred tax assets

In Australian dollars

	For year ended March 31	
	2016	2015
Deferred tax assets	1,129,470	622,509
Deferred tax liabilities	–	–
Net tax assets(liabilities)	1,129,470	622,509

(b) Reconciliation of effective tax rate

In Australian dollars

	For year ended March 31	
	2016	2015
Profit before tax	4,479,960	6,506,476
Tax using the Company's domestic tax rate of 30% (2015: 30%)	1,343,988	1,951,943
Non-deductible expenses	50,000	53,537
Non-assessable distribution from subsidiary	–	(244,770)
Over/ (under) provision of income tax	117,244	(331,846)
Income tax expense for the period	1,511,232	1,428,864

15. Provisions

In Australian dollars

	For year ended March 31	
	2016	2015
Provision for post service client support	166,396	392,539
	166,396	392,539

16. Employee Benefit Obligations

In Australian dollars

	Year ended March 31	
	2016	2015
Current		
Provision for employee bonuses	3,181,717	2,470,524
Annual leave	720,343	632,654
Long service leave	564,252	509,172
	4,466,312	3,612,350
Non-Current		
Long service leave	443,221	332,941
	443,221	332,941

17. Capital and reserves

(a) Share capital

In Australian dollars

	Ordinary shares	
	Year ended March 31	
	2016	2015
On issue at 1 April (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at 31 March (17,450,000 number of shares)	3,389,049	3,389,049

All shares rank equally with regard to the Company's residual assets.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Dividends

In Australian dollars

	Year ended March 31	
	2016	2015
Dividend Paid	–	–
	–	–

Dividend franking account

In Australian dollars

	Year ended March 31	
	2016	2015
30 per cent franking credits available to shareholders of Portland Group Pty Ltd for subsequent financial years	7,080,464	5,062,271
	7,080,464	5,062,271

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a. franking credits/ debits that will arise from the payment/ receipts of the current tax liabilities/ assets;

b. franking debits that will arise from the payment of dividends recognized as a liability at the year-end;

c. franking credits that will arise from the receipt of dividends recognized as receivables by the Company at the year-end; and

d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

18. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than above.

Independent audit report to the members of Portland Group Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Portland Group Pty Ltd (the Company), which comprises the statement of financial position as at March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the special purpose financial report and have determined that the basis of preparation described in Notes 1 to 4 to the special purpose financial report is appropriate to meet the requirements of the applicable legislation and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 4 to the financial statements so as to present a view which is consistent with our understanding of the Company's financial position, and of its performance and cash flows.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion the financial report of Portland Group Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Portland Group Pty Ltd to meet the requirements of its members. As a result, the financial report may not be suitable for another purpose.

KPMG

Dana Bentley
Partner

Melbourne

May 12, 2016

Infosys Technologies S. de. R. L. de C.V.

Independent Auditor's Report

To the Members of Infosys Technologies (Australia) Pty. Limited.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (Australia) Pty. Limited. ('the Company'), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841.

Place : Bangalore
Date : April 11, 2016

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	4,36,92,227	4,36,92,227
Reserves and surplus	2.2	33,07,36,939	29,65,90,667
		37,44,29,166	34,02,82,894
CURRENT LIABILITIES			
Other current liabilities	2.3	14,82,242	28,76,525
Short-term provisions	2.4	18,99,393	67,78,808
		33,81,635	96,55,333
		37,78,10,801	34,99,38,227
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.5	37,78,10,734	34,93,76,718
Short-term loans and advances	2.6	67	5,61,509
		37,78,10,801	34,99,38,227
		37,78,10,801	34,99,38,227
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjith V G
Director

Place : Bangalore
Date : April 11, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
Income from software services		–	–
Other income	2.7	56,02,799	2,30,62,493
Total revenue		56,02,799	2,30,62,493
Expenses			
Professional charges		–	1,76,42,300
Other expenses	2.8	–	4,95,435
Total expenses		–	1,81,37,735
PROFIT BEFORE TAX		56,02,799	49,24,758
Tax expense			
Current tax	2.9	(33,34,678)	15,77,672
Deferred tax	2.9	–	–
PROFIT FOR THE PERIOD		89,37,477	33,47,086
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹5/- each			
Basic		0.88	0.33
Diluted		0.88	0.33
Number of shares used in computing earnings per share			
Basic		1,01,08,869	1,01,08,869
Diluted		1,01,08,869	1,01,08,869
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
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Firm's registration number : 006673S

M. Rathnakar Kamath
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for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjith V G
Director

Place : Bangalore
Date : April 11, 2016

Cash Flow Statement

in ₹

Particulars		For the year ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		56,02,799	49,24,758
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(77,26,434)	(1,25,57,314)
Effect of exchange differences on translation of assets and liabilities		2,52,08,795	(5,49,48,392)
Changes in assets and liabilities			
Loans and advances and other assets		1,44,529	(24,167)
Liabilities and provisions		(13,94,283)	(71,64,685)
		2,18,35,406	(6,97,69,800)
Income taxes paid		(15,44,737)	3,49,16,025
NET CASH GENERATED BY / (USED) IN OPERATING ACTIVITIES		2,02,90,669	(3,48,53,775)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		81,43,347	1,25,78,548
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		81,43,347	1,25,78,548
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH GENERATED BY / (USED) IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,84,34,016	(2,22,75,227)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		34,93,76,718	37,16,51,944
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		37,78,10,734	34,93,76,718
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on even date attached

for Shenoy & Kamath
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Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjith V G
Director

Place : Bangalore
Date : April 11, 2016

Significant accounting policies and notes on accounts

Company overview

Infosys Technologies (Australia) Pty. Limited ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. The Company is of a kind referred to in Class Order 98/0100 dated July 10, 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective January 31, 2006), issued by the Australian Securities and Investments Commission.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

On July 4, 2012 the Board of Directors of Infosys Australia, have passed a resolution approving in principle the transfer of assets and liabilities to Infosys Limited effective April 1, 2012. Infosys Australia is currently being liquidated. Accordingly these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on a liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Foreign currency transactions

Foreign-currency-denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to Indian rupee is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus

1.6 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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 future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the share premium account.

1.7 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.8 Cash flow statement

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

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2 Notes on accounts for the year ended March 31, 2016

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2016	2015
Authorized		
1,01,08,869 equity shares of AUD 0.11 par value	4,36,92,227	4,36,92,227
Issued, subscribed and paid-up		
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid-up	4,36,92,227	4,36,92,227
	4,36,92,227	4,36,92,227

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 are as follows:

Name of the shareholder	As at March 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited	1,01,08,869	100	1,01,08,869	100

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2016	2015
Foreign currency translation reserve – opening balance	1,75,21,28,293	1,80,70,76,685
Add: Foreign currency translation during the year	2,52,08,795	(5,49,48,392)
Foreign currency translation reserve – closing balance	1,77,73,37,088	1,75,21,28,293
Surplus – opening balance	(1,45,55,37,626)	(1,45,88,84,712)
Add: Net profit after tax transferred from Statement of Profit and Loss	89,37,477	33,47,086
Surplus – closing balance	(1,44,66,00,149)	(1,45,55,37,626)
	33,07,36,939	29,65,90,667

2.3 Other current liabilities

in ₹

Particulars	As at March 31,	
	2016	2015
Other liabilities		
Provision for expenses	14,82,242	28,76,525
	14,82,242	28,76,525

2.4 Short-term provisions

in ₹

Particulars	As at March 31,	
	2016	2015
Provision for		
Income taxes	18,99,393	67,78,808
	18,99,393	67,78,808

2.5 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2016	2015
Cash on hand	–	–
Balances with banks		
In current and deposit accounts	37,78,10,734	34,93,76,718
	37,78,10,734	34,93,76,718

The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at March 31,	
	2016	2015
In current accounts		
Citigroup Pty. Limited	34,44,21,703	62,49,832
Citibank N.A., New Zealand	3,33,89,031	3,43,34,256
	37,78,10,734	4,05,84,088
In deposit accounts		
National Australia Bank Limited	–	30,87,92,630
	–	30,87,92,630
Total cash and cash equivalents as per Balance Sheet	37,78,10,734	34,93,76,718

2.6 Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Others		
Withholding and other taxes receivable	67	1,44,596
Interest accrued but not due	–	4,16,913
	67	5,61,509

2.7 Other income

in ₹

Particulars	Year ended March 31,	
	2016	2015
Interest received on deposits with banks and others	77,26,434	1,25,57,314
Miscellaneous income, net	8,70,013	89,79,063
Gains / (losses) on foreign currency, net	(29,93,648)	15,26,116
	56,02,799	2,30,62,493

2.8 Expenses

in ₹

Particulars	Year ended March 31,	
	2016	2015
Other expenses		
Auditor's remuneration		
Statutory audit fees	–	4,95,435
	–	4,95,435

2.9 Tax expense

in ₹

Particulars	Year ended March 31,	
	2016	2015
Current tax		
Income taxes	(33,34,678)	15,77,672
Deferred taxes	–	–
	(33,34,678)	15,77,672

2.10 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31,	
		2016	2015
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brasil
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys Poland, Sp z.o.o *(formerly Infosys BPO Poland Sp Z.o.o)* (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(17)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Infosys Management Consulting Pty Limited. *(formerly Lodestone Management Consultants Pty. Limited)* (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (2)(3)	Switzerland

Name of fellow subsidiaries	Country
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infosys Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* (3)	Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* (4)	Brazil
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd. (8)	Canada
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services Inc. incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*
(17) *Liquidated effective March 15, 2016.*

List of key management personnel

Board of Director
Andrew Groth
U.B. Pravin Rao
Dheeshjith V G

2.11 Segment Reporting

The Company is engaged in providing services in the single geography and industry. Its operation are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Infosys Nova Holdings LLC

Independent Auditor's report

To the Members of Infosys Nova Holdings LLC

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Nova Holdings LLC ('the Company'), which comprises the Balance Sheet as at December 31, 2015 and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015.

Report on other Legal and Regulatory Requirements

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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 11, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	92,76,00,000
Reserves and surplus	2.2	99,00,000
		93,75,00,000
ASSETS		
NON-CURRENT ASSETS		
Long-term investments	2.3	93,75,00,000
		93,75,00,000
SIGNIFICANT ACCOUNTING POLICIES	1	

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Infosys Holding Nova LLC

Dr. Vishal Sikka
Chief Executive Officer

Place : Bangalore
Date : January 11, 2016

Cash Flow Statement

in ₹

Particulars		As at December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		–
Adjustments to reconcile profit before tax to cash provided by operating activities		
Effect of exchange differences on translation of assets and liabilities		99,00,000
		99,00,000
Income taxes paid		–
NET CASH GENERATED BY OPERATING ACTIVITIES		99,00,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associate		(93,75,00,000)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(93,75,00,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution received for equity share capital		92,76,00,000
NET CASH RECEIVED / (PAID) FROM FINANCING ACTIVITIES		92,76,00,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		–
SIGNIFICANT ACCOUNTING POLICIES	1	

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of Infosys Holding Nova LLC

Dr. Vishal Sikka
Chief Executive Officer

Place : Bangalore
Date : January 11, 2016

Significant accounting policies

Company overview

Infosys Holdings Nova LLC ('the Company') is a wholly-owned subsidiary of Infosys Limited. The purpose of the Company is to engage in any lawful act or activity for which corporation may be organized under the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is Indian rupee.

1.4 Profit and loss account

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognized any gains or losses during the year under review. All cost associated with the Company were borne by the parent company. There have been no movements in the shareholders' fund during the year under review.

1.5 Information regarding employees

The Company had no employees during the current year.

1.6 Cash flow statement

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

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.8 Investments

Investments are either classified as current or long-term based on the Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment

2 Notes on accounts for the year ended December 31, 2015

2.1 Share capital

in ₹

Particulars	As at December 31, 2015
Authorized	
Equity shares	92,76,00,000
Issued, subscribed and paid-up	
Equity shares	92,76,00,000
	92,76,00,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015
Foreign exchange translation reserve	99,00,000
	99,00,000

2.3 Long-term investments

in ₹

Particulars	As at December 31, 2015
Investment in associate (16% holding in DWA Nova LLC)	93,75,00,000
	93,75,00,000

2.4 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31, 2015
Infosys Limited	India	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems)(12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Name of associate	Country
DWA Nova LLC	U.S.

Panaya Inc.

Independent Auditor's report

To the Members of Panaya Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Panaya Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its Profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 7, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1	1,87,514
Reserves and surplus	2.2	3,18,28,28,271	3,10,49,89,986
		3,18,28,28,272	3,10,51,77,500
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	–	13,62,13,489
		–	13,62,13,489
CURRENT LIABILITIES			
Trade payables	2.4	43,71,84,714	51,96,728
Other current liabilities	2.5	34,82,45,442	32,97,43,645
Short-term provisions	2.6	1,83,99,818	34,34,871
		80,38,29,974	33,83,75,244
		3,98,66,58,246	3,57,97,66,233
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	75,48,687	38,41,043
		75,48,687	38,41,043
Investment in Subsidiaries	2.8	2,06,73,59,339	2,06,73,59,339
		2,07,49,08,026	2,07,12,00,382
CURRENT ASSETS			
Trade receivables	2.9	74,84,07,766	21,62,41,903
Cash and cash equivalents	2.10	1,36,98,237	1,27,29,32,234
Short-term loans and advances	2.11	1,14,96,44,217	1,93,91,714
		1,91,17,50,220	1,50,85,65,851
		3,98,66,58,246	3,57,97,66,233
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore
Date: January 7, 2016

for and on behalf of the Board of Directors of Panaya Inc

Abdul Razack
Director

Statement of Profit and Loss

in ₹

Particular	Note	Year ended December 31,	
		2015	2014
Income from software services and products	2.12	99,24,62,075	38,51,67,460
Other income	2.13	(19,40,201)	2,38,591
Total revenue		99,05,21,874	38,54,06,051
Expenses			
Employee benefit expenses	2.14	38,62,74,447	23,80,88,499
Cost of technical sub-contractors	2.14	43,02,46,306	4,23,55,174
Travel expenses	2.14	4,04,27,882	3,98,20,493
Cost of software packages and others	2.14	98,491	–
Communication expenses	2.14	47,27,846	36,08,970
Consultancy and professional charges		4,02,41,770	1,99,52,218
Depreciation and amortization expenses	2.7	24,98,421	12,40,434
Other expenses	2.14	5,37,75,419	2,66,20,180
Total expenses		95,38,54,942	37,16,85,968
PROFIT BEFORE TAX		3,22,31,292	1,37,20,083
Tax expense			
Current tax	2.15	1,17,70,101	–
PROFIT FOR THE PERIOD		2,04,61,191	1,37,20,083
Equity shares of par value USD 0.01 each			
Basic		1,02,30,595.50	702.12
Number of shares used in computing earnings per share			
Basic		2	19,541
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore
Date: January 7, 2016

for and on behalf of the Board of Directors of Panaya Inc

Abdul Razack
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,22,31,292	1,37,20,083
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		24,98,421	12,40,434
Effect of exchange differences on translation of assets and liabilities		5,75,00,319	1,26,63,31,433
Other non-cash items		(1,87,513)	–
Changes in assets and liabilities			
Trade receivables		(53,21,65,863)	(20,73,32,415)
Loans and advances and other assets		(1,13,02,52,503)	(1,76,27,338)
Liabilities and provisions		31,74,89,114	9,43,69,644
		(1,25,28,86,733)	1,15,07,01,841
Income taxes paid		–	(1,95,424)
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,25,28,86,733)	1,15,05,06,417
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(63,47,264)	(33,67,769)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(63,47,264)	(33,67,769)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,25,92,33,997)	1,14,71,38,649
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,27,29,32,234	12,57,93,585
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,36,98,237	1,27,29,32,234
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of the Board of Directors of Panaya Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

Abdul Razack
Director

Place: Bangalore
Date: January 7, 2016

Significant accounting policies

Company overview

Panaya Inc, U.S. ('the Company') develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

The accounting year is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The reporting currency of the Company is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, income taxes and the useful lives of fixed tangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

1.6 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

1.7 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Office equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 year

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.

1.8 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.9 Income taxes

Income taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering the applicable tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.10 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.11 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.13 Cash flow statement

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

1.14 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized		
2 (19,541) equity shares of USD 0.01 par value	1	1,87,514
Issued, subscribed and paid-up		
2 (19,541) equity shares of USD 0.01 par value, fully paid	1	1,87,514
	1	1,87,514

The details of shareholder holding more than 5% shares as at December 31, 2015 is set out below :

Name of the shareholder	As at December 31, 2015	
	No. of shares	% held
Infosys Ltd.	2	100%

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	9,46,86,822	8,79,06,026
Add: Foreign currency translation during the year	4,55,59,243	67,80,796
	14,02,46,065	9,46,86,822
Securities premium account – opening balance	2,84,47,28,788	1,93,18,79,884
Add: Securities premium during the year	1,18,17,851	91,28,48,904
	2,85,65,46,639	2,84,47,28,788
Surplus – opening balance	16,55,74,376	15,18,54,293
Add: Net profit after tax transferred from Statement of Profit and Loss	2,04,61,191	1,37,20,083
Surplus – closing balance	18,60,35,567	16,55,74,376
	3,18,28,28,271	3,10,49,89,986

2.3 Other long-term liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured loans	–	13,62,13,489
	–	13,62,13,489

2.4 Trade Payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables (1)	43,71,84,714	51,96,728
	43,71,84,714	51,96,728
(1) *Includes dues to fellow subsidiary (Refer to Note 2.17)*	42,98,17,603	–

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	5,98,65,603	2,76,78,006
Social security contribution Payable	5,06,287	1,39,949
Other liabilities		
Provision for expenses	9,93,811	7,13,259
Withholding and other taxes payable	17,68,270	19,21,825
Unearned revenue	28,47,34,422	29,74,31,430
Other payables	3,77,048	18,59,176
	34,82,45,442	32,97,43,645

2.6 Short-Term Provisions

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Provision for employee benefits		
Unavailed leave	66,47,691	34,34,871
Others		
Income taxes (net of advance tax and TDS)	1,17,52,127	–
	1,83,99,818	34,34,871

2.7 Fixed Assets

Following are the changes in the carrying value of fixed assets for the year ended December 31,2015:

in ₹

Particulars	Tangible assets				
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2015	1,82,501	–	46,30,045	7,25,660	55,38,206
Additions during the period	33,96,424	6,53,230	22,61,695	35,915	63,47,264
Deductions / retirement during the period	–	–	–	–	–
Translation difference	–	–	–	–	–
As at December 31, 2015	35,78,925	6,53,230	68,91,740	7,61,575	1,18,85,470
Depreciation and amortization					
As at January 1, 2015	7,817	–	16,54,611	34,735	16,97,163
For the period	1,48,891	2,38,019	16,34,956	4,76,555	24,98,421
Deductions / adjustments during the period	–	–	–	–	–
Translation difference	3,38,963	5,450	1,19,322	(3,22,536)	1,41,199
As at December 31, 2015	4,95,671	2,43,469	34,08,889	1,88,754	43,36,783
Net book value					
As at December 31, 2015	30,83,254	4,09,761	34,82,851	5,72,821	75,48,687

Following are the changes in the carrying value of fixed assets for the year ended December 31,2014:

in ₹

Particulars	Tangible assets				
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2014	–	–	21,70,437	–	21,70,437
Additions during the period	1,82,501	–	24,59,608	7,25,660	33,67,769
Deductions / retirement during the period	–	–	–	–	–
As at December 31, 2014	1,82,501	–	46,30,045	7,25,660	55,38,206
Depreciation and amortization					
As at January 1, 2014	–	–	4,18,223	–	4,18,223
For the period	7,571	–	11,99,218	33,644	12,40,434
Deductions / adjustments during the period	–	–	–	–	–
Translation difference	246	–	37,170	1,091	38,507
As at December 31, 2014	7,817	–	16,54,611	34,735	16,97,163
Net book value					
As at December 31, 2014	1,74,684	–	29,75,434	6,90,925	38,41,043

2.8 Investment in Subsidiaries

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Panaya Ltd, Israel	2,06,14,34,216	2,06,14,34,216
Panaya GmbH, Germany	21,36,269	21,36,269
Panaya Japan Co. Ltd, Japan	37,88,854	37,88,854
	2,06,73,59,339	2,06,73,59,339

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Other debts		
Unsecured		
Considered good [1]	74,84,07,766	21,62,41,903
Less: Provision for doubtful debts (others)	–	–
	74,84,07,766	21,62,41,903
[1] *Includes dues from Subsidiary (Refer to Note 2.17)*	57,13,77,654	–

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	1,36,98,237	1,27,29,32,234
	1,36,98,237	1,27,29,32,234

Particulars	As at December 31,	
	2015	2014
In current accounts		
Silicon Valley Bank	1,36,98,237	1,27,29,32,234
	1,36,98,237	1,27,29,32,234

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Others		
Prepaid expenses	4,57,670	39,924
Withholding and other taxes receivable	–	1,95,424
Electricity and other deposits	–	25,216
Rental deposits	10,34,887	9,86,084
Intercompany Receivable [1]	1,14,81,51,660	1,71,99,514
Other Receivables	–	9,45,552
	1,14,96,44,217	1,93,91,714
[1] *Includes due from Subsidiary (Refer to Note 2.17)*	1,14,81,51,660	1,71,99,514

2.12 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2015	2014
Income from software services	99,24,62,075	38,51,67,460
	99,24,62,075	38,51,67,460

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Gains / (losses) on foreign currency, net	(19,40,201)	2,38,591
	(19,40,201)	2,38,591

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	38,58,23,313	23,48,83,598
Staff welfare	4,51,134	32,04,901
	38,62,74,447	23,80,88,499
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	43,02,46,306	–
Technical sub-contractors – others	–	4,23,55,174
	43,02,46,306	4,23,55,174

Particulars	Year ended December 31,	
	2015	2014
Travel expenses		
Overseas travel expenses	4,04,27,882	3,98,20,493
	4,04,27,882	3,98,20,493
Cost of software packages and others		
For own use	98,491	–
	98,491	–
Communication expenses		
Telephone charges	47,27,846	36,08,970
	47,27,846	36,08,970
Other expenses		
Office maintenance	43,75,860	26,89,155
Printing and Stationery	4,71,682	6,37,730
Marketing expenses	34,15,885	7,49,229
Rent	40,24,115	33,49,284
Rates and taxes, excluding taxes on income	41,52,662	1,17,357
Postage and courier	1,75,620	31,696
Insurance charges	1,66,890	1,13,449
Professional membership and seminar participation fees	–	1,95,676
Consumables	28,44,692	19,54,650
Bank charges and commission	1,73,92,885	1,67,68,616
Commission charges	1,22,44,123	–
Miscellaneous expenses	45,11,004	13,338
	5,37,75,419	2,66,20,180

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	1,17,70,101	–
	1,17,70,101	–

2.16 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.17 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,
		2015
Infosys Limited	India	100%

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia

Name of fellow subsidiaries	Country
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova)(9)	U.S.
Panaya Ltd. (10)(11)	Israel
Panaya Gmbh (10)(11)	Germany
Panaya Pty Ltd.(10)(11)	Australia
Panaya Japan Co. Ltd. (10)(11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Details of key managerial personnel	Designation
Doron Gerstel	Director
Abdul Razack	Director
A. G. S. Manikantha	Director

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Panaya Ltd	57,13,77,654	–
	57,13,77,654	–
Other receivables		
Panaya Ltd	1,14,81,51,660	1,71,99,514
	1,14,81,51,660	1,71,99,514
Trade payables		
Panaya Ltd	42,98,17,603	–
	42,98,17,603	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions:		
Purchase of services		
Panaya Ltd	43,02,46,306	–
	43,02,46,306	–
Sale of services		
Panaya Ltd	57,21,14,433	–
	57,21,14,433	–

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	40,24,115	33,49,284

in ₹

Lease obligations payable	Year ended December 31,	
	2015	2014
Within one year of the Balance Sheet date	41,39,499	39,44,287
Due in a period between one year and five years	24,14,708	78,88,573

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of five years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.19 Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Panaya Ltd.

Auditors' report

To the Shareholders of

Panaya, Ltd.

We have audited the accompanying balance sheet of Panaya Ltd. (hereinafter - the "Company") as of December 31, 2015 and the related statements of operations and capital deficiency for the year then ended. These financial statements are the responsibility of the board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Company as at December 31, 2014 and for the year then ended, were audited by other auditors whose report thereon dated May 14, 2015 was unqualified.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance), 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and the results of its operations and its capital deficiency for the year then ended, in accordance with accounting principles generally accepted in Israel (Israeli GAAP).

KPMG

Somekh Chaikin
Certified Public Accountants (Isr.)

Tel-Aviv, Israel
May 10, 2016

Balance Sheets

Particulars	As at December 31	
	2015	2014
	NIS in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	67,666	23,517
Restricted cash	444	457
Accounts receivable:		
Trade	20,154	12,102
Related parties	41,262	5,381
Other	3,513	1,394
TOTAL CURRENT ASSETS	133,039	42,851
PROPERTY AND EQUIPMENT, net	3,311	5,847
INTANGIBLE ASSETS	-	157
ACCRUED SEVERANCE FUND, net of severance pay liability	221	221
TOTAL ASSETS	136,571	49,322
Liabilities net of capital deficiency		
CURRENT LIABILITIES:		
Current maturities of long term loan	-	11,427
Accounts payables and accruals:		
Trade payables	1,386	1,962
Trade payables to Related parties	41,147	-
Related parties	65,806	-
Other	17,006	11,553
Employee related payables	8,549	-
Deferred revenue	70,201	42,608
TOTAL CURRENT LIABILITIES	204,095	67,550
LONG TERM LOAN, net of current maturities	-	7,384
TOTAL LIABILITIES	204,095	74,934
COMMITMENTS AND CONTINGENT LIABILITIES (see note 5)		
TOTAL CAPITAL DEFICIENCY	(67,524)	(25,612)
LIABILITIES NET OF CAPITAL DEFICIENCY	136,571	49,322

Date of approval of financial statements: May 10, 2016

Doron Gerstel
Chief Executive
Officer and Director

The accompanying notes are an integral part of the financial statements.

Statements of operations

Particulars	Year ended December 31	
	2015	2014
	NIS in thousands	
REVENUES	119,697	98,658
COST OF REVENUES	16,256	9,806
GROSS PROFIT	103,441	88,852
OPERATING EXPENSES:		
RESEARCH AND DEVELOPMENT	40,920	27,043
SELLING AND MARKETING EXPENSES	86,627	68,379
GENERAL AND ADMINISTRATIVE EXPENSES	24,851	13,771
OPERATING LOSS	48,957	20,341
FINANCIAL EXPENSES, net	3,043	3,907
LOSS BEFORE TAXES	52,000	24,248
TAXES ON INCOME	-	461
NET LOSS	52,000	24,709

The accompanying notes are an integral part of the financial statements.

Statements of capital deficiency

	Share Capital	Additional paid in capital	Share based payment capital fund	Payment On account of Shares to Be allotted	Accumulated deficit	Total Capital deficiency
	NIS In Thousands					
BALANCE AT DECEMBER 31, 2013	13	79,925	2,453	68,798	(155,414)	(4,225)
CHANGES DURING 2014:						
Compensation related to options granted to employees			3,322			3,322
					(24,709)	(24,709)
BALANCE AT DECEMBER 31, 2014	13	79,925	5,775	68,798	(180,123)	(25,612)
CHANGES DURING 2015:						
Compensation related to options granted to employees and others			10,088			10,088
Net loss					(52,000)	(52,000)
BALANCE AT DECEMBER 31, 2015	13	79,925	15,863	68,798	(232,123)	(67,524)

The accompanying notes are an integral part of the financial statements.

Notes to financial statements

Note 1 - General

a. Panaya, Ltd. (the "Company") was incorporated and commenced operations on January 2, 2006, as a wholly-owned subsidiary of Panaya Inc. ("the Parent Company"), which is incorporated in Delaware, U.S.

b. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

c. The Company has incurred losses since its inception and its continued operations as a going concern are dependent on financing from the Parent Company, until it reaches sufficient profitability.

d. The Company does not present statements of cash flows as they do not add significant information to the financial statements.

e. Related parties – Within their meaning in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.

Note 2 - Significant accounting policies

The significant accounting policies applied are as follows:

a. Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in Israel requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reported periods. Actual results could differ from those estimates.

b. Cash equivalents

The Company considers all highly liquid investments, which include short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

c. Research and development

Costs incurred in connection with the research and developments of the Company's products are expensed as incurred.

d. Property and equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful life of the assets.

Annual rates of depreciation are as follows:

Computers and software	33%
Office furniture and equipment	7%
Leasehold improvements	10%
Communications Equipment	15%

Leasehold improvements are amortized by the straight line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

e. Intangible assets

These assets that represent acquired domains, copyrights, and trademarks are stated at cost and amortized using the straight-line method over their estimated useful lives of 3 years.

f. Fair value of financial instruments

The carrying amount of some of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value, due to their short maturities.

g. Income taxes

Income taxes are accounted for using the asset and liability approach. The asset and liability approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of the relevant tax law. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

h. Stock-based compensation

The Company applies Israeli standard No. 24 which requires awards classified as equity awards be accounted for using the grant-date fair value method. The fair value of share-based payment transactions is recognized as expense over the requisite service period.

The Company elected to recognize compensation cost for an award with only service conditions that has a graded vesting schedule using the straight line method.

i. Revenues

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

Note 3 - Property and equipment, net:

	As at December 31	
	2015	2014
	NIS in thousands	
Cost:		
Furniture and fixtures	1,765	1,202
Computers and software	7,579	6,947
Leasehold improvements	5,306	4,420
Communication equipment	286	265
	14,937	12,834
Less – Accumulated depreciation	11,626	6,987
	3,311	5,847

Note 4 - Liability for severance pay

The Company has an approval from the Israeli Ministry of Labor and Welfare, pursuant to the terms of Section 14 of the Israeli Severance Pay Law, 1963, according to which the current deposits in pension funds and/or with insurance companies exempt the Company from any additional obligation to these employees for whom the said depository payments are made. Such depository payments are not included in the Company's balance sheets.

Note 5 - Commitments and contingent liabilities:

a. Lease agreements

In February 2006, the Company entered into a lease agreement for the premises it uses. The agreement was amended from time to time in such way that the lease term was extended through December 2015, with an option to renew such agreement. This option was not exercised.

The Company has secured a deposit classified as restricted cash in the amount of NIS 444 in connection with the above mentioned lease agreements.

In March 2015 the Company entered into a new lease agreement for new premises to be used by the Company from 2016 for a period of five years with an optional extension of additional five years.

Future minimum lease payments under the new lease agreement are NIS 176 thousand per month, for a period of five years commencing January 2016. During 2016, the Company moved to the new location.

b. The Company entered into several operating lease agreements in respect of vehicles that it uses. The leases are for a period of three years.

c. As part of the Loans mentioned in note 6 to the financial statements, the Company pledged certain of its assets to secure the amounts utilized from the Loans. The Loans were repaid during 2015 and the assets were released from the pledge.

Note 6 - Lines of credit:

a. On June 28, 2011, the Company signed a Loan and Security agreement (the "Loan") with a certain bank, which allows the Company to borrow up to a maximum amount of $4,500 thousands. The Company borrowed the amount of $2,000 thousands during June 2011. In accordance with the Loan, the Company is to pay an annual interest equal to 2.25% above the Prime rate per annum. The interest will be payable on a monthly basis, beginning on the month of which the Loan is utilized. The Loan is a two year facility.

On June 25, 2013, the Company signed an amendment to the Loan agreement which allows the Company to borrow up to a maximum amount of $8,000 thousands (instead of $4,500 thousands) to the period of two more years until June 30, 2015. According to the amendment, as of December 31, 2014, the Loan is classified as a short term liability.

As part of the loan the Company pledged certain of its assets as mentioned in note 5c. The loan was fully repaid during 2015.

b. On December 7, 2011, the Company and the Parent Company signed a second Loan and Security agreement (the "Second Loan") with a certain lender, which allows the Company to borrow up to a maximum amount of $5,000 thousands. The Parent Company borrowed the entire amount. In accordance with the Second Loan, the Company and the Parent Company are liable to pay an annual interest 8.5% rate per annum. On May 7, 2012, $1,500 thousands of the Second Loan were converted into shares of the Parent Company.

The Company has no liability regarding the Second Loan as at December 2015.

c. On August 14, 2014 the Parent Company and the Company signed a loan agreement (the "Third Loan") with a certain lender (the "Lender"), which allows the Parent Company and the Company to borrow up to a maximum amount of $10,000 thousands. In accordance with the Third Loan agreement both companies are liable to pay an annual interest of 12% rate per annum. The Company borrowed the amount of $3,000 thousands during September 2014 (the "Drawdown"). The Drawdown and the interest are to be paid in 36 monthly installments (3 first months are interest only).

In accordance with the Third Loan, the Parent Company granted the Lender a warrant to purchase stock equal to the sum of $330 thousands and 7.7% of each Drawdown (and up to $1,100 thousands), divided by the applicable purchase price per share. As of December 31, 2014 the Parent Company granted to the lender 499,755 warrants.

The Company has no liability regarding the Third Loan as at December 2015. The warrants mentioned above were exercised to stock of the Parent Company during 2015 by way of offsetting NIS 2,550 thousand from the Company's loan. Consequently, the Company classified those NIS 2,550 thousand as additional paid in equity.

Note 7 - Stockholders' equity:

a. Common Stock

	As at December 31,	
	2015	2014
	Authorized	Issued and fully paid
	Number of shares	
Ordinary shares NIS 1.00 par value each	10,000	6,000

In September 2007, the Company issued 1,000 shares of NIS 1 par value to its Parent Company, in consideration for an investment of NIS 8,068 thousands. During 2013, the Parent Company invested in the Company an additional NIS 16,664 thousands, as additional paid-in capital.

Each ordinary share is entitled to one vote and to receive dividends as declared by the board of directors.

b. Option plan

In February 2007, the Parent Company's Board of Directors approved a stock option plan (the "Plan").

The Parent Company's Board of Directors also approved the Plan for the purpose of Section 102 of the Israeli Income Tax ordinance. The Parent Company's Board of Directors selected the capital gains tax track for options granted to the Company's employees.

As at December 31, 2014, 2,883,030 options granted to the Company's employees were outstanding. Upon sale of the Parent Company's stock on March 5, 2015, all outstanding options vested immediately and were exercised to stock of the Parent Company. On that date, the Company recorded an expense of NIS 7,538 thousand. As at December 31, 2015 there are no outstanding options held by employees.

Note 8 - Taxes on income:

a. The Company is taxed under the Israeli law. The income is taxed at the regular rate. The corporate tax rate for 2014 and 2015 is 26.5%.

On January 4, 2016 the Knesset passed the Law for the Amendment of the Income Tax Ordinance (No. 216) – 2016, by which, inter alia, the corporate tax rate would be reduced by 1.5% to a rate of 25% as from 2016.

Tax benefits under the Law for the Encouragement of Capital Investments, 1959 (hereinafter - "the Law")

Under the Law, including Amendment No. 60 to the Law that as published in April 2005, by virtue of the "benefited enterprise" if the status is granted to some facilities of the Israeli subsidiary, it will be entitled to various tax benefits.

The main tax benefits available are:

In respect of income derived from the benefited enterprise, the Company is entitled to reduced tax rates during a period of up to ten years from the year in which such enterprise first earn taxable income (limited to twelve years from commencement of production or fourteen years from the date of approval, whichever is earlier).

Income derived from the benefited enterprise is tax exempt during the first two years of the seven to ten year tax benefit period as above, and is subject to a reduced tax rate of 10%- 25% during the remaining years of benefits.

In the event of distribution of a cash dividend from income which was tax exempt as above, the Company would have to pay the 25% tax in respect of the amount distributed.

The Company is entitled to claim accelerated depreciation in respect of equipment used by approved enterprises during the first five years of the operation of these assets.

The entitlement to the above benefits is conditional upon the Israeli subsidiary's fulfilling the conditions stipulated by the above Law, regulations published there under and the certificate of approval for the specific investments in benefited enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Company may be required to refund the amount of the benefits, in whole or in part, with the addition of linkage differences to the Israeli CPI and interest.

The Company elected 2008, as its implementation year as stipulated in the Law and 2012, as its expansion year as stipulated in the Law.

The Law was amended as part of the Economic Policy Law for the years 2011-2012, which was passed in the Knesset on December 27, 2010 (hereinafter - "the Amendment").

The Amendment sets alternative benefit tracks to the ones currently in place under the provisions of the Law, as follows: investment grants track designed for enterprises located in national development zone

A and two new tax benefits tracks (preferred enterprise and a special preferred enterprise), which provide for application of a unified tax rate to all preferred income of the Company, as defined in the Law.

The benefits granted to the preferred enterprises will be unlimited in time, unlike the benefits granted to special preferred enterprises, which will be limited for a period of 10 years. The benefits shall be granted to companies that will qualify under criteria set in the law; for the most part, those criteria are similar to the criteria that were set in the Law prior to its amendment.

Company's management believes that the Company is in compliance with the conditions stipulated by the above law.

b. The Company has received final tax assessments through tax year 2010.

c. As of December 31, 2015, the Company had a net carryforward tax loss of approximately NIS 200 million. Under Israeli tax laws, the carryforward tax losses of the Company can be utilized indefinitely.

d. Deferred tax assets were not created since the realization of any future benefit from deductible temporary differences, net operating loss and tax credit carryforwards cannot be sufficiently assured at December 31, 2015.

e. Taxes on income that cannot be utilized are reported in the statements of operations as taxes on income.

Note 9 - Supplementary statements of operations information:

	Year ended December 31	
	2015	2014
	NIS in thousands	
a. Research and development costs:		
Payroll and related expenses	28,388	20,720
Consultants and related expenses	3,020	201
Depreciation and amortization	1,418	444
Other	8,094	5,678
	40,920	27,043
b. Selling and marketing expenses:		
Related Parties	41,540	-
Payroll and related expenses	16,109	30,267
Consultants and related expenses	3,460	1,262
Other	25,518	36,850
	86,627	68,379
c. General and administrative expenses:		
Payroll and related expenses	9,900	10,971
Consultants and related expenses	330	533
Other	13,031	2,267
Related Parties	1,590	0
	24,851	13,711

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Panaya GmbH

Independent Auditor's report

To the Members of Panaya GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Panaya GmbH ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 7, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2015	As at December 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	18,12,750	18,12,750
Reserves and surplus	2.2	(3,83,27,437)	(4,37,99,561)
		(3,65,14,687)	(4,19,86,811)
CURRENT LIABILITIES			
Trade payables	2.3	16,70,15,842	–
Other current liabilities	2.4	7,39,71,821	18,20,72,961
Short-term provisions	2.5	51,40,362	16,49,588
		24,61,28,025	18,37,22,549
		20,96,13,338	14,17,35,738
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,27,486	7,76,546
		1,27,486	7,76,546
CURRENT ASSETS			
Trade receivables	2.7	12,33,85,414	5,99,96,394
Cash and cash equivalents	2.8	5,41,37,268	7,54,16,478
Short-term loans and advances	2.9	3,19,63,170	55,46,320
		20,94,85,852	14,09,59,192
		20,96,13,338	14,17,35,738
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number. 202841

Place : Bangalore
Date : January 7, 2016

for and on behalf of the Board of Directors of Panaya GmbH

Abdul Razack
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2015	2014
Income from software services and products	2.10	25,56,16,591	18,54,63,551
Other income	2.11	(95,697)	(88,02,762)
Total revenue		25,55,20,894	17,66,60,789
Expenses			
Employee benefit expenses	2.12	3,92,93,953	4,11,59,896
Cost of technical sub-contractors	2.12	17,14,54,337	9,48,37,048
Travel expenses	2.12	53,74,111	23,77,199
Communication expenses	2.12	13,33,630	14,19,549
Consultancy and professional charges		69,08,084	52,37,976
Depreciation and amortization expenses	2.6	5,52,162	6,40,927
Other expenses	2.12	2,64,76,339	3,02,17,424
Total expenses		25,13,92,616	17,58,90,019
PROFIT BEFORE TAX		41,28,278	7,70,770
Tax expense			
Current tax	2.13	10,85,085	–
PROFIT FOR THE PERIOD		30,43,193	7,70,770
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number. 202841

Place : Bangalore
Date : January 7, 2016

for and on behalf of the Board of Directors of Panaya GmbH

Abdul Razack
Director

Cash Flow Statement

in ₹

Particulars	Note	for the year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		41,28,278	7,70,770
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		5,52,162	6,40,927
Effect of exchange differences on translation of assets and liabilities		29,11,968	59,08,243
Changes in assets and liabilities			
Trade receivables		(6,33,89,020)	61,37,017
Loans and advances and other assets		(2,64,16,850)	(6,06,33,252)
Liabilities and provisions		6,10,25,868	9,49,13,796
		(2,11,87,594)	4,77,37,501
Income taxes paid		–	–
NET CASH GENERATED BY OPERATING ACTIVITIES		(2,11,87,594)	4,77,37,501
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(91,616)	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(91,616)	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,12,79,210)	4,77,37,501
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,54,16,478	2,76,78,977
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5,41,37,268	7,54,16,478
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number. 202841

Place : Bangalore
Date : January 7, 2016

for and on behalf of the Board of Directors of Panaya GmbH

Abdul Razack
Director

Significant accounting policies

Company overview

Panaya GmbH ('the Company') is a wholly-owned subsidiary of Panaya Inc, U.S. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting Year

The accounting year is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting Currency

The reporting currency of the Company is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

1.6 Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

1.7 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation and useful lives and residual values are reviewed periodically, including at each financial year end.

1.8 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.9 Income taxes

Income taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering applicable tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.11 Cash flow statement

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

1.12 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the statement of profit and loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized	18,12,750	18,12,750
Issued, subscribed and paid-up	18,12,750	18,12,750
	18,12,750	18,12,750

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below:

Name of the shareholder	As at December 31,	
	2015	2014
	% held	% held
Panaya Inc.	100	100

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	(29,56,748)	(76,50,671)
Add: Foreign currency translation during the year	22,69,868	46,93,923
	(6,86,880)	(29,56,748)
Securities premium account – opening balance	3,62,550	3,62,550
Add: Securities premium during the year	1,59,062	–
	5,21,612	3,62,550
Surplus – opening balance	(4,12,05,363)	(4,19,76,133)
Add: Net profit after tax transferred from Statement of Profit and Loss	30,43,193	7,70,770
Surplus – closing balance	(3,81,62,170)	(4,12,05,363)
	(3,83,27,437)	(4,37,99,561)

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables [(1)]	16,70,15,842	–
	16,70,15,842	–
[(1)] *Includes dues to fellow subsidiary (Refer to Note 2.15)*	16,70,15,842	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	1,43,06,583	68,23,173
Other liabilities		
Provision for expenses	25,657	3,00,298
Withholding and other taxes payable	–	57,80,062
Unearned revenue	5,96,39,581	8,42,24,937
Intercompany payable [(1)]	–	8,46,84,379
Other payables	–	2,60,112
	7,39,71,821	18,20,72,961
[(1)] *Includes dues to fellow subsidiary (Refer to Note 2.15)*	–	8,46,84,379

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Unavailed leave	37,60,753	16,49,586
Others		
Income taxes (net of advance tax and TDS)	13,79,609	2
	51,40,362	16,49,588

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹

Particulars	Tangible assets		
	Computer equipment	Furniture and fixtures	Total
Original cost			
As at January 1, 2015	19,18,673	–	19,18,673
Additions during the period	–	91,616	91,616
Deductions / retirement during the period	(1,76,093)	–	(1,76,093)
Translation difference	(1,12,243)	–	(1,12,243)
As at December 31, 2015	16,30,337	91,616	17,21,953
Depreciation and amortization			
As at January 1, 2015	11,42,127	–	11,42,127
For the period	5,10,735	41,427	5,52,162
Deductions/ adjustments during the period	–	–	–
Translation difference	(99,822)	–	(99,822)
As at December 31, 2015	15,53,040	41,427	15,94,467
Net book value			
As at December 31, 2015	77,298	50,189	1,27,486

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹

Particulars	Tangible assets		
	Computer equipment	Furniture and fixtures	Total
Original cost			
As at January 1, 2014	22,69,702	–	22,69,702
Additions during the period	–	–	–
Deductions / retirement during the period	(1,24,076)	–	(1,24,076)
Translation difference	(2,26,953)	–	(2,26,953)
As at December 31, 2014	19,18,673	–	19,18,673
Depreciation and amortization			
As at January 1, 2014	6,20,634	–	6,20,634
For the period	6,40,927	–	6,40,927
Deductions / adjustments during the period	(17,999)	–	(17,999)
Translation difference	(1,01,435)	–	(1,01,435)
As at December 31, 2014	11,42,127	–	11,42,127
Net book value			
As at December 31, 2014	7,76,546	–	7,76,546

2.7 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Other debts		
Unsecured		
Considered good [(1)]	12,33,85,414	5,99,96,394
Less: Provision for doubtful debts (others)	–	–
	12,33,85,414	5,99,96,394
[(1)] *Includes dues from fellow subsidiary (Refer to Note 2.15)*	8,91,15,459	–

2.8 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	5,41,37,268	7,54,16,478
	5,41,37,268	7,54,16,478

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Commerz Bank	5,41,37,268	7,54,16,478
	5,41,37,268	7,54,16,478

2.9 Short-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Others		
Prepaid expenses	15,036	85,376
Withholding and other taxes receivable	62,238	–
Others	16,544	–
Electricity and other deposits	49,61,529	52,69,469
Other deposits	1,80,275	1,91,475
Intercompany receivable [1]	2,67,27,548	–
	3,19,63,170	55,46,320
[1] *Includes dues from fellow Subsidiary (Refer to Note 2.15)*	2,67,27,548	–

2.10 Income from software services and products

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Income from software services	25,56,16,591	18,54,63,551
	25,56,16,591	18,54,63,551

2.11 Other income

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Gains / (losses) on foreign currency, net	(95,697)	(88,02,762)
	(95,697)	(88,02,762)

2.12 Expenses

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	3,92,93,953	4,11,59,896
	3,92,93,953	4,11,59,896
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	17,14,54,337	–
Technical sub-contractors – others	–	9,48,37,048
	17,14,54,337	9,48,37,048
Travel expenses		
Overseas travel expenses	53,74,111	23,77,199
	53,74,111	23,77,199
Communication expenses		
Telephone charges	13,33,630	14,19,549
	13,33,630	14,19,549
Other expenses		
Office maintenance	99,389	3,95,649
Marketing expenses	6,32,577	1,28,597
Rent	6,55,590	38,95,026
Postage and courier	167	7,071
Insurance charges	1,22,220	2,14,435
Professional membership and seminar participation fees	10,091	12,137
Bank charges and commission	1,57,666	2,06,324
Commission charges	2,45,65,589	2,47,04,806
Software package own use	400	–
Miscellaneous	2,32,649	6,53,379
	2,64,76,339	3,02,17,424

2.13 Tax expense

in ₹

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Current tax		
Income taxes	10,85,085	–
	10,85,085	–

2.14 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.15 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Limited	India	100%	

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited(1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC(1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	UK
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Details of key managerial personnel	Designation
Doron Gerstel	Director
Abdul Razack	Director
A. G. S. Manikantha	Director

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Panaya Ltd	8,91,15,459	–
	8,91,15,459	–
Other receivables		
Panaya Ltd	2,67,27,548	–
	2,67,27,548	–
Trade payables		
Panaya Ltd	16,70,15,842	–
	16,70,15,842	–
Other payables		
Panaya Ltd	–	8,46,84,379
	–	8,46,84,379

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions:		
Purchase of services		
Panaya Ltd	17,14,54,337	–
	17,14,54,337	–
Sale of services		
Panaya Ltd	9,12,76,637	–
	9,12,76,637	–

2.16 Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Panaya Japan Co. Ltd

Independent Auditor's report

To the Members of Panaya Japan Co. Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Panaya Japan Co. Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bangalore
Date: January 7, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	29,43,000	29,43,000
Reserves and surplus	2.2	(2,11,55,284)	(2,14,26,706)
		(1,82,12,284)	(1,84,83,706)
CURRENT LIABILITIES			
Trade payables	2.3	3,14,855	–
Other current liabilities	2.4	5,98,90,658	2,11,04,775
Short-term provisions	2.5	9,34,821	–
		6,11,40,334	2,11,04,775
		4,29,28,050	26,21,069
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,18,638	–
		1,18,638	–
CURRENT ASSETS			
Trade receivables	2.7	3,92,62,514	–
Cash and cash equivalents	2.8	26,77,598	26,21,069
Short-term loans and advances	2.9	8,69,300	–
		4,28,09,412	26,21,069
		4,29,28,050	26,21,069
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore
Date: January 7, 2016

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

Abdul Razack
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2015	2014
Income from software services and products	2.10	3,83,62,469	2,98,12,540
Other income	2.11	41,366	38,65,180
Total revenue		3,84,03,835	3,36,77,720
Expenses			
Employee benefit expenses	2.12	25,82,507	4,86,713
Travel expenses	2.12	4,06,224	–
Communication expenses	2.12	3,300	6,348
Consultancy and professional charges		2,09,55,706	1,84,90,135
Depreciation and amortization expenses	2.6	14,687	–
Other expenses	2.12	1,23,89,522	93,99,430
Total expenses		3,63,51,946	2,83,82,626
PROFIT BEFORE TAX		20,51,889	52,95,094
Tax expense:			
Current tax	2.13	9,36,040	–
PROFIT FOR THE PERIOD		11,15,849	52,95,094
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore
Date: January 7, 2016

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

Abdul Razack
Director

Cash Flow Statement

in ₹

Particular	Note	Year ended December 31, 2015	Year ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,51,889	52,95,094
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		14,687	–
Interest and dividend income		11	(458)
Effect of exchange differences on translation of assets and liabilities		(8,45,537)	22,85,570
Other non-cash items		–	(2,78,17,215)
Changes in assets and liabilities			
Trade receivables		(3,92,62,514)	–
Loans and advances and other assets		(8,69,300)	1,80,890
Liabilities and provisions		3,91,00,738	1,96,69,384
		1,89,974	(3,86,735)
Income taxes paid		–	–
NET CASH GENERATED BY OPERATING ACTIVITIES		1,89,974	(3,86,735)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,33,435)	–
Interest and dividend received		(11)	458
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,33,446)	458
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		56,529	(3,86,277)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		26,21,069	30,07,346
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1	26,77,598	26,21,069

The accompanying notes form an integral part of the standalone financial statements

As per our report even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore
Date: January 7, 2016

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

Abdul Razack
Director

Significant accounting policies

Company overview

Panaya Japan Co. Ltd. (Panaya Japan) ('the Company') is a wholly-owned subsidiary of Panaya Inc, U.S. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

The accounting year is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The reporting currency of the Company is Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, income taxes and the useful lives of fixed tangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed on the basis of mark up on costs incurred in accordance with the agreement entered into with the group company.

1.6 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

1.7 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

Computer equipment	3-5 years

Depreciation and useful lives and residual values are reviewed periodically, including at each financial year end.

1.8 Income taxes

Income taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering the applicable tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.10 Cash flow statement

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

1.11 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the statement of profit and loss over the lease term.

2 Notes on accounts for the year ended December 31, 2015

The previous period's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2015	2014
Authorized	29,43,000	29 43,000
Issued, subscribed and paid-up	29,43,000	29,43,000
	29,43,000	29,43,000

The details of shareholder holding more than 5% shares as at December 31, 2015 and December 31, 2014 are set out below :

Name of the shareholder	As at December 31,	
	2015	2014
	% held	% held
Panaya Inc.	100%	100%

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve – opening balance	28,22,073	5,86,453
Add: Foreign currency translation during the year	(9,39,220)	22,35,620
	18,82,853	28,22,073
Securities premium account – opening balance	49,840	–
Add: Securities premium during the year	94,792	49,840
	1,44,632	49,840
Surplus – opening balance	(2,42,98,619)	(2,95,93,713)
Add: Net profit after tax transferred from Statement of Profit and Loss	11,15,849	52,95,094
Surplus – closing balance	(2,31,82,769)	(2,42,98,619)
	(2,11,55,284)	(2,14,26,706)

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables (1)	3,14,855	–
	3,14,855	–
(1) *Includes dues to fellow subsidiary (Refer to Note 2.15)*	3,14,855	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	22,23,891	–
Other liabilities		
Provision for expenses	–	7,714
Intercompany payable (1)	5,76,66,767	1,98,33,375
Other payables	–	12,63,686
	5,98,90,658	2,11,04,775
(1) *Includes dues to fellow subsidiary (Refer to Note 2.15)*	5,76,66,767	1,98,33,375

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Others		
Income taxes (net of advance tax and TDS)	9,34,821	–
	9,34,821	–

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2015	–	–
Additions during the period	1,33,435	1,33,435
Deductions / retirement during the period	–	–
Translation difference	–	–
As at December 31, 2015	1,33,435	1,33,435
Depreciation and amortization		
As at January 1, 2015	–	–
For the period	14,687	14,687
Deductions / adjustments during the period	–	–
Translation difference	109	109
As at December 31, 2015	14,796	14,796
Net book value		
As at December 31, 2015	1,18,638	1,18,638

2.7 Trade receivables

in ₹

Particulars	As at December 31,	
	2015	2014
Other debts		
Unsecured		
Considered good (1)	3,92,62,514	–
Less: Provision for doubtful debts (others)	–	–
	3,92,62,514	–
(1) *Includes dues from fellow subsidiary (Refer to Note 2.15)*	3,92,62,514	–

2.8 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	26,77,598	26,21,069
	26,77,598	26,21,069

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Bank of Tokyo	26 77,598	26 21,069
	26 77,598	26 21,069

2.9 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	2,30,109	–
Rental deposits	6,39,191	–
	8,69,300	–

2.10 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2015	2014
Income from software services	3,83,62,469	2,98,12,540
	3,83,62,469	2,98,12,540

2.11 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	(11)	458
Gains / (losses) on foreign currency, net	41,377	3,864,722
	41,366	3,865,180

2.12 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	22,63,690	49,840
Staff welfare	3,18,817	4,36,873
	25,82,507	4,86,713
Travel expenses		
Overseas travel expenses	4,06,224	–
	4,06,224	–
Communication expenses		
Telephone charges	3,300	6,348
	3,300	6,348
Other expenses		
Office maintenance	1,24,362	73,437
Marketing expenses	16,48,541	12,86,617
Rent	20,87,601	21,20,611
Rates and taxes, excluding taxes on income	36,406	40,300
Postage and Courier	1,968	5,427
Consumables	–	59,610
Bank charges and commission	1,86,402	72,367
Commission charges	66,94,432	57,41,061
Miscellaneous	16,09,809	–
	1,23,89,522	93,99,430

2.13 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income taxes	9,36,040	–
	9,36,040	–

2.14 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement Of Profit And Loss as per Schedule III to the Companies Act, 2013.

2.15 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Limited	India	100%	–

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(2)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Lodestone Management Consultants Pty. Limited (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Hafner Bauer & Ödman GmbH (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infosys Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Lodestone Management Consultants B.V. (3)	Netherlands
Lodestone Management Consultants Ltda. (4)	Brazil
Lodestone Management Consultants Sp. z o.o. (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada
Infosys Nova Holdings LLC (Infosys Nova)(9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Skava Systems Pvt. Ltd. (Skava Systems)(12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (15)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(15) *Wholly-owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*

Details of key managerial personnel	Designation
Doron Gerstel	Director
Abdul Razack	Director
A. G. S. Manikantha	Director

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Panaya Ltd	3,92,62,514	–
	3,92,62,514	–
Trade payables		
Panaya Ltd	3,14,855	–
	3,14,855	–
Other payables		
Panaya Ltd	5,76,66,767	1,98,33,375
	5,76,66,767	1,98,33,375

The details of the related party transactions entered into by the Company for the years ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Revenue transactions		
Sale of services		
Panaya Ltd	38,362,469	2,98,12,540
	38,362,469	2,98,12,540

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	20,87,601	21,20,611

in ₹

Lease obligations payable	Year ended December 31,	
	2015	2014
Within one year of the Balance Sheet date	-	1,58,370
Due in a period between one year and five years	-	-

2.17 Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Skava Systems Private Limited

Independent Auditor's Report

To the Members of Skava Systems Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Skava Systems Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

Other matters

The financial statements of the Company for the year ended March 31, 2015 were audited by erstwhile statutory auditors Raja & Raman, Chartered Accountants who expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. 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 purposes 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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

(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.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev

Partner
Membership number : 205385

Place : Bangalore
Date : May 13, 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Skava Systems Private Limited ('the Company') on the standalone financial statements for the year ended March 31, 2016, we report that :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The Company does not own any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) The Company is a service company, primarily rendering software development and related services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.

(iv) The Company has not advanced any loan, including any loan represented by book debt to any of its Directors or to any other person in whom the director is interested or not given any guarantee or not provided any security in connection with any loan taken by him or such person. The Company has not made investment through more than two layers of investment companies. Also, the Company has not given loan, guarantee or provide security in connection with a loan, whether directly or indirectly to any person or other body corporate. Thus, paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(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, employees' state insurance, income tax, service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, value added tax, duty of excise and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, service tax and cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, value added tax, duty of excise and duty of customs.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, 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, all the transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the 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 shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, 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.

(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 & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev

Partner
Membership number: 205385

Place : Bangalore
Date : May 13, 2016

Annexure – B to the Independent Auditors' 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 Skava Systems Private Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the standalone 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 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 the 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the 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 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 March 31, 2016, 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 the ICAI.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : May 13, 2016

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	2,50,000	2,50,000
Reserves and surplus	2.2	14,99,99,283	8,95,64,915
		15,02,49,283	8,98,14,915
NON-CURRENT LIABILITIES			
Deferred tax liabilities (net)	2.3	–	1,63,064
		–	1,63,064
CURRENT LIABILITIES			
Trade payables	2.4		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,79,727	2,71,604
Other current liabilities	2.5	11,82,00,631	56,20,878
Short-term provisions	2.6	1,19,66,749	58,47,742
		13,09,47,107	1,17,40,224
		28,11,96,390	10,17,18,203
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	4,73,60,306	2,37,59,393
		4,73,60,306	2,37,59,393
Long-term loans and advances	2.8	1,00,28,490	66,32,240
CURRENT ASSETS			
Current investments	2.9	20,72,04,844	3,08,537
Trade receivables	2.10	–	6,31,72,977
Cash and cash equivalents	2.11	1,42,54,774	58,71,161
Short-term loans and advances	2.12	23,47,976	19,73,895
		22,38,07,594	7,13,26,570
		28,11,96,390	10,17,18,203
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number :101248W/W-100022

for and on behalf of the Board of Directors of Skava Systems Private Limited

Supreet Sachdev
Partner
Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Place : Bangalore
Date : May 13, 2016

Statement of Profit and Loss

in ₹ except equity share data

Particulars	Note	Year ended March 31, 2016	Year ended March 31, 2015
Income from software development charges		44,22,16,288	21,73,29,977
Other income	2.13	56,70,658	2,58,251
Total revenue		44,78,86,946	21,75,88,228
Expenses			
Employee benefit expenses	2.14	31,85,63,448	13,88,58,451
Travel expenses	2.14	76,46,018	1,13,39,774
Communication expenses	2.14	24,78,479	19,79,310
Consultancy and professional charges		17,17,254	21,78,127
Depreciation and amortization expense	2.7	1,58,17,434	1,47,82,427
Other expenses	2.14	2,51,19,581	2,25,57,807
Total expenses		37,13,42,213	19,16,95,896
PROFIT BEFORE TAX		7,65,44,733	2,58,92,332
Tax expense			
Current tax	2.15	1,62,73,429	53,51,043
Deferred tax (credit) / charge	2.15	(1,63,064)	(25,45,735)
PROFIT FOR THE YEAR		6,04,34,368	2,30,87,024
EARNINGS PER EQUITY SHARE			
Basic		2,417	923
Diluted		2,417	923
Number of shares used in computing earnings per share			
Basic		25,000	25,000
Diluted		25,000	25,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number :101248W/W-100022

for and on behalf of the Board of Directors of Skava Systems Private Limited

Supreet Sachdev
Partner
Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Place : Bangalore
Date : May 13, 2016

Cash Flow Statement

in ₹

Particulars		Year ended March 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,65,44,733	2,58,92,332
Adjustments to reconcile profit before tax to cash generated by operating activities			
Depreciation and amortization expense		1,58,17,434	1,47,82,427
Interest income		(45,913)	(26,829)
Gain on sale of investments		(28,84,308)	(22,02,459)
Loss on sale of asset		57,573	52,30,467
Changes in assets and liabilities			
Trade receivables		6,31,72,977	(4,96,14,307)
Loans and advances and other assets		(41,62,732)	(15,95,486)
Trade payables		5,08,123	–
Liabilities and provisions		11,81,94,732	82,24,512
		26,72,02,619	6,90,657
Income taxes paid		(1,57,50,000)	(78,00,000)
NET CASH GENERATED BY OPERATING ACTIVITIES		25,14,52,619	(71,09,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(3,91,45,920)	(59,76,187)
Proceeds from sale of fixed assets		43,000	–
Proceeds from sale of investments		26,95,93,001	15,87,82,455
Purchase of investments		(47,36,05,000)	(14,96,60,000)
Interest received		45,913	26,829
NET CASH USED BY INVESTING ACTIVITIES		(24,30,69,006)	31,73,097
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH USED IN FINANCING ACTIVITIES		–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		83,83,613	(39,36,246)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.11	58,71,161	98,07,407
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,42,54,774	58,71,161
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number :101248W/W-100022

for and on behalf of the Board of Directors of Skava Systems Private Limited

Supreet Sachdev
Partner
Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Place : Bangalore
Date : May 13, 2016

Notes to the Financial Statements for the year ended March 31, 2016

Company overview

Skava Systems Private Limited ('the Company') is a private limited company incorporated and domiciled in India and has its registered office at Coimbatore, Tamil Nadu, India. Skava is an affiliate of Kallidus Inc.(U.S.), which is a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail client. The Company provides offshore software development and related services for Kallidus Inc. On June 2, 2015, Infosys acquired 100% voting rights in Kallidus Inc (d.b.a Skava) and Skava Systems Private Limited, an affiliate of Kallidus by entering into a share purchase agreement.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statement is prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statement is presented in Indian rupee and rounded off to the nearest rupee.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include income taxes and the useful lives of fixed tangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue recognition

Revenue is primarily derived from software development and related services and is recognized as the services are rendered on the basis of an agreed mark-up on costs incurred in accordance with the agreement entered into with the group companies.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Interest is recognized using the time-proportion method.

1.4 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

1.6 Depreciation and amortization

Depreciation on tangible assets, except in case of plant and machinery and computer equipment, is provided on the written-down-value method over the useful lives mentioned under Schedule II of Part C of the Companies Act, 2013. Leasehold improvements are depreciated over the lease term or the useful life, whichever is lower. Depreciation for assets purchased / sold during a period is proportionately charged. The useful lives are as follows :

Plant and machinery[(1)]	10 years
Office equipment	5 years
Computer equipment[(1)]	6 years
Furniture and fixtures	10 years

[(1)] *For these class of assets, based on internal assessments, the Management believes that the useful lives as given above represent the period over which the Management expects to use the asset. Hence, the useful life of these assets are different from the useful lives as prescribed under Part C of Schedule II of Companies Act, 2013*

1.7 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.8 Retirement benefits to employees

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation using the projected unit credit method. The gratuity scheme is unfunded. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Provident fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. The Companies have no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.10 Income taxes

The entity is registered as an SEZ unit and, hence, enjoys a tax holiday period. The Company provides for taxes as per the provisions of Minimum Alternate Tax (MAT). 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 future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Deferred tax in respect of timing differences which originate during tax holiday period but reverse after the tax holiday period is recognized in the period in which the timing difference originate. For this purpose, the timing differences, which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

1.11 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

1.12 Investments

Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.14 Cash flow statement

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

1.15 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset 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 the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended March 31, 2016

Amounts in the financial statements are presented in full numbers.

2.1 Share capital

in ₹ except as stated otherwise

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized		
Equity shares, ₹10/- par value		
50,000 (50,000) equity shares	5,00,000	5,00,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	2,50,000	2,50,000
25,000 (25,000) equity shares fully paid-up		
	2,50,000	2,50,000

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 are as follows:

Name of the shareholder	As at March 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Sudha K. Varadarajan	–	–	24,900	99.60
Infosys Limited	24,950	99.80	–	–

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 is as follows:

Particulars	As at March 31,			
	2016		2015	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	25,000	2,50,000	25,000	2,50,000
Add: Issued during the period	–	–	–	–
Number of shares at the end of the period	25,000	2,50,000	25,000	2,50,000

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2016	2015
Surplus – opening balance	8,95,64,915	6,64,77,891
Add: Net profit for the year	6,04,34,368	2,30,87,024
Surplus – closing balance	14,99,99,283	8,95,64,915

2.3 Deferred taxes

in ₹

Particulars	As at March 31,	
	2016	2015
Deferred tax asset / liability, net		
Fixed assets	–	1,63,064
	–	1,63,064
Deferred tax asset / liability, net	–	1,63,064

The timing differences arising for the Company are reversing within the tax holiday period. Hence, no deferred tax asset / liability has been recognized.

2.4 Trade payables

in ₹

Particulars	As at March 31,	
	2016	2015
Trade payables		
Total outstanding dues to micro and small enterprises		
Total outstanding dues to creditors other than micro and small enterprises*	7,79,727	2,71,604
	7,79,727	2,71,604

* *As at March 31, 2016 and 2015, there is no outstanding to micro and small enterprises. There are no interests due or outstanding on the same.*

2.5 Other current liabilities

in ₹

Particulars	As at March 31,	
	2016	2015
Accrued salaries and benefits		
Salaries and benefits	10,47,05,986	30,78,236
Other liabilities		
Provision for expenses	12,96,844	4,42,359
Withholding and other taxes payable	61,13,300	17,88,566
Advances received from client	53,08,526	–
Other payables	7,75,975	3,11,717
	11,82,00,631	56,20,878

2.6 Short-term provisions

in ₹

Particulars	As at March 31,	
	2016	2015
Provision for employee benefits		
Compensated absences	23,61,780	–
Gratuity obligation *(*Refer to Note 2.21)*	90,72,540	58,19,342
Other provisions		
Income taxes (net of advance tax and tax deducted at source)	5,32,429	28,400
	1,19,66,749	58,47,742

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended March 31, 2016 :

in ₹

Particulars	Tangible assets					Total
	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	
Original cost						
As at April 1, 2015	21,82,984	9,17,722	91,58,816	1,76,54,543	1,17,34,177	4,16,48,242
Additions during the year	48,65,111	69,15,488	79,57,706	54,75,166	1,46,18,950	3,98,32,421
Deletions / retirement during the year	–	–	1,20,320	4,57,181	–	5,77,501
As at March 31, 2016	70,48,095	78,33,210	1,69,96,202	2,26,72,528	2,63,53,127	8,09,03,162
Depreciation and amortization						
As at April 1, 2015	2,19,662	3,06,560	52,18,792	82,37,497	39,06,338	1,78,88,849
For the year	25,25,933	9,16,557	35,94,803	49,80,677	37,99,464	1,58,17,434
Deletions / retirement during the year	–	–	–	1,63,427	–	1,63,427
As at March 31, 2016	27,45,595	12,23,117	88,13,595	1,30,54,747	77,05,802	3,35,42,856
Net book value						
As at March 31, 2016	43,02,500	66,10,093	81,82,607	96,17,781	1,86,47,325	4,73,60,306

Following are the changes in the carrying value of fixed assets for the year ended March 31, 2015:

in ₹

Particulars	Tangible assets					Total
	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	
Original cost						
As at April 1, 2014	21,82,984	13,29,573	96,99,851	1,93,37,901	1,30,91,222	4,56,41,531
Additions during the year	–	–	7,27,232	51,88,955	60,000	59,76,187
Deletions / retirement during the year	–	(4,11,851)	(12,68,267)	(68,72,313)	(14,17,045)	(99,69,476)
As at March 31, 2015	21,82,984	9,17,722	91,58,816	1,76,54,543	1,17,34,177	4,16,48,242
Depreciation and amortization						
As at April 1, 2014	5,068	1,41,520	6,99,010	57,50,958	12,48,875	78,45,431
For the year	2,14,594	2,36,454	46,67,537	66,05,085	30,58,757	1,47,82,427
Deletions / retirement during the year	–	(71,414)	(1,47,755)	(41,18,546)	(4,01,294)	(47,39,009)
As at March 31, 2015	2,19,662	3,06,560	52,18,792	82,37,497	39,06,338	1,78,88,849
Net book value						
As at March 31, 2015	19,63,322	6,11,162	39,40,024	94,17,046	78,27,839	2,37,59,393

2.8 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Rental deposits	74,29,600	36,40,950
Capital advances	–	3,73,000
Other loans and advances		
Advance income taxes (net of provision)	25,98,890	26,18,290
	1,00,28,490	66,32,240

2.9 Investments

in ₹ except as stated otherwise

Particulars	As at March 31,	
	2016	2015
Current investments – at the lower of cost and fair value		
Other current investments		
Quoted		
Liquid mutual fund units (Growth Plan) (*Refer to Note 2.9.1*)	20,72,04,844	3,08,537
	20,72,04,844	3,08,537
Market value of quoted investments	21,03,93,430	3,14,166
Aggregate value of quoted investments	20,72,04,844	3,08,537

Profit on sale of Investment is ₹28,84,308 for year ended March 31, 2016 (₹22,02,459 for year ended March 31, 2015).

2.9.1 Details of Investments in liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2016 is as follows :

in ₹ except as stated otherwise

Particulars	Units	Amount
RELIANCE LIQUID FUND CASH PLAN FOLIO 408155791541	2	5,000
Birla Sun Life Cash Manager – Growth – regular plan	3,89,089	13,86,99,844
Reliance Money Manager Fund Folio No. 108155791541	32,925	6,85,00,000
	4,22,016	20,72,04,844

The balances held in liquid mutual fund units as at March 31, 2015 is as follows :

Particulars	Units	Amount
Birla Sun Life Cash Manager – Growth – regular plan	935	3,08,537
	935	3,08,537

2.10 Trade receivables

in ₹

Particulars	As at March 31,	
	2016	2015
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	–	–
Less: Provision for doubtful debts	–	–
	–	–
Other debts		
Unsecured		
Considered good [1]	–	6,31,72,977
	–	6,31,72,977
[1] *Includes dues from related party*	–	6,31,72,977

2.11 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2016	2015
Cash on hand	4,61,129	2,45,271
Balances with banks		
In current and deposit accounts	1,37,93,645	56,25,890
	1,42,54,774	58,71,161

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at March 31,	
	2016	2015
In current accounts		
Axis Bank	1,32,48,445	51,25,890
Citi Bank	3,794	–
	1,32,52,239	51,25,890
In deposit accounts		
Axis Bank [1]	5,41,406	5,00,000
	5,41,406	5,00,000
Total cash and cash equivalents as per Balance Sheet	1,42,54,774	58,71,161

[1] *Lien marked against the deposit with financial institution against corporate credit card*

2.12 Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	3,38,073	3,81,406
For supply of goods and rendering of services	72,101	3,61,000
Withholding and other taxes receivable	1,23,684	31,758
	5,33,858	7,74,164
Interest accrued but not due	24,061	24,146
Loans and advances to employees		
Salary advances	17,46,492	10,45,885
Security deposits	2,000	1,29,700
Other advances	41,565	–
	23,47,976	19,73,895

2.13 Other income

in ₹

Particulars	Year ended March 31,	
	2016	2015
Interest received on deposits with banks	45,913	26,829
Gain on sale of investments	28,84,308	22,02,459
Gains / (losses) on foreign currency fluctuation, net	27,40,437	(19,74,407)
Miscellaneous income	–	3,370
	56,70,658	2,58,251

2.14 Expenses

in ₹

Particulars	Year ended March 31,	
	2016	2015
Employee benefit expenses		
Salaries and bonus	30,46,24,632	13,10,26,532
Contribution to provident and other funds	75,77,016	45,43,753
Staff welfare	63,61,800	32,88,166
	31,85,63,448	13,88,58,451
Travel expenses		
Overseas travel expenses	49,91,586	29,29,269
Travelling and conveyance	26,54,432	84,10,505
	76,46,018	1,13,39,774
Communication expenses		
Telephone charges	24,78,479	19,79,310
	24,78,479	19,79,310

in ₹

Particulars	Year ended March 31,	
	2016	2015
Other expenses		
Office maintenance	24,09,654	14,15,097
Power and fuel	53,62,579	42,78,386
Brand building	1,51,925	1,90,000
Rent	1,33,96,119	95,06,005
Rates and taxes	7,034	31,696
Repairs to building	3,750	–
Repairs – others	7,03,585	4,07,500
Computer maintenance	15,44,483	5,28,725
Insurance charges	3,20,093	3,20,531
Auditor's remuneration		
Statutory audit fees	7,88,867	3,41,000
Other services	–	76,000
Bank charges and commission	82,891	42,575
Loss on sale of asset	57,573	52,30,468
Others	2,91,028	1,89,824
	2,51,19,581	2,25,57,807

2.15 Tax expense

in ₹

Particulars	Year ended March 31,	
	2016	2015
Current tax		
Income tax (MAT)	1,62,73,429	53,51,043
Deferred tax (credit) / charge	(1,63,064)	(25,45,735)
	1,61,10,365	28,05,308

2.16 Activity in foreign currency

in ₹

Particulars	Year ended March 31, 2016	2015
Earnings in foreign currency		
Income from software development services	44,22,16,288	21,73,29,977
Expenditure in foreign currency		
Overseas travel expenses	49,91,586	29,29,269

2.17 Quantitative details

The Company is primarily engaged in the development and rendering of software services. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.18 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at March 31,	
		2016	2015
Infosys Limited	India	100%	–

List of related parties :

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* (1)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (1)	Poland
Infosys BPO S. de R. L. de C. V (1)(16)	Mexico
Infosys McCamish Systems LLC (1)	U.S.
Portland Group Pty. Limited (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC (1)(15)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty. Limited)* (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (2)(6)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (2)(3)	Switzerland
Lodestone Management Consultants (Belgium) S. A. (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* (3)	Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* (4)	Brazil
Infosys Consulting Sp. Z o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L.*(formerly SC Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd.(8)	Canada

Name of fellow subsidiaries	Country
Infosys Nova Holdings LLC (Infosys Nova) (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Kallidus Inc. (Kallidus) (12)	U.S.
Noah Consulting LLC (Noah) (13)	U.S.
Noah Information Management Consulting Inc. (Noah Canada) (14)	Canada

(1) *Wholly-owned subsidiaries of Infosys BPO*
(2) *Under liquidation*
(3) *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014 (Refer note 2.10.5)*
(8) *Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly-owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
(13) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
(14) *Wholly-owned subsidiary of Noah*
(15) *Incorporated effective November 20, 2015*
(16) *Liquidated effective March 15, 2016*

List of companies with common directors

Kallidus Inc. (up to June 1, 2015)

List of key management personnel

Sudha K. Vardharajan
A. G. S. Manikantha (appointed effective June 23, 2015)
Dinesh R. (appointed effective October 8, 2015)

The details of amounts due to or due from related parties as at March 31, 2016 and March 31, 2015 are as follows:

Particulars	As at March 31,	
	2016	2015
Trade receivables		
Kallidus Inc.	–	6,31,72,978

The details of the related parties transactions entered into by the Company, in addition to the above, for the year ended March 31, 2016 and March 31, 2015 are as follows:

Particulars	As at March 31,	
	2016	2015
Other current liabilities		
Advances received from clients		
Kallidus Inc.	53,08,526	–

The details of the related parties transactions entered into by the Company, in addition to the above, for the year ended March 31, 2016 and March 31, 2015 are as follows:

Particulars	Year ended March 31,	
	2016	2015
Revenue transactions:		
Sale of software development services		
Kallidus Inc.	44,22,16,288	21,73,29,977

2.19 Segment reporting

The Company is engaged in providing software development and related services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

2.20 Leases

Obligations on long-term, cancellable operating leases

The lease rentals charged during the period and the obligations on long-term, cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

In ₹

Particulars	Year ended March 31,	
	2016	2015
Lease rentals recognized during the period	1,33,96,119	95,06,005

In ₹

Lease obligations payable	As at March 31,	
	2016	2015
Within one year of the Balance Sheet date	1,93,72,770	1,01,45,143
Due in a period between one year and five years	4,43,37,843	1,81,81,988
Due after five years	–	–

The operating lease arrangements relate to rented premises and are for a period of five years from the date of inception. The lease arrangements can be renewed for a further period of four years after completion of the initial five years. Some of these lease agreements have price escalation clauses.

2.21 Gratuity plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation :

In ₹

Particulars	As at March 31,	
	2016	2015
Obligations at year / period beginning	58,19,342	42,02,863
Service cost	14,72,780	12,88,760
Interest cost	4,53,327	3,27,403
Actuarial (gain) / loss	13,27,091	316
Obligations at year / period end	90,72,540	58,19,342
Assumptions		
Interest rate	7.79%	7.79%
Weighted expected rate of salary increase	5.00%	5.00%

In ₹

Particulars	Year ended March 31,	
	2016	2015
Gratuity cost for the period		
Service cost	14,72,780	12,88,760
Interest cost	4,53,327	3,27,403
Actuarial (gain) / loss	13,27,091	316
Net gratuity cost	32,53,198	16,16,479

2.22 Provident fund

The Company contributed ₹ 73,54,787 during the year ended March 31, 2016 (₹ 43,38,096 during the year ended March 31, 2015).

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

2.23 The financial statements for the previous year ended March 31, 2015 has been audited by a firm other than BSR & Co. LLP

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's registration number :101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Place : Bangalore
Date : May 13, 2016

for and on behalf of the Board of Directors of Skava Systems Private Limited

Sudha K. Varadarajan	Dinesh R.	A. G. S. Manikantha
Director	*Director*	*Director*

Kallidus, Inc.

Independent Auditor's report

To the Members of Kallidus, Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kallidus, Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 2015; the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	15,30,97,452	9,67,817
Reserves and surplus	2.2	36,37,62,125	1,29,16,63,290
		51,68,59,577	1,29,26,31,106
CURRENT LIABILITIES			
Trade payables	2.3	13,97,20,742	1,25,22,740
Other current liabilities	2.4	35,81,56,336	10,26,49,222
Short-term provisions	2.5	7,51,63,874	–
		57,30,40,951	11,51,71,962
		1,08,99,00,528	1,40,78,03,068
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	26,45,558	14,24,853
		26,45,558	14,24,853
Deferred tax assets (net)	2.7	5,90,42,640	–
Long-term loans and advances	2.8	–	47,61,852
		6,16,88,198	61,86,706
CURRENT ASSETS			
Trade receivables	2.9	60,83,91,019	43,38,91,679
Cash and cash equivalents	2.10	36,56,70,108	85,85,97,900
Short-term loans and advances	2.11	5,41,51,203	10,91,26,783
		1,02,82,12,330	1,40,16,16,362
		1,08,99,00,528	1,40,78,03,068
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Jeanne Mariani
Director, Finance

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31,	
		2015	2014
Income from software services		2,08,62,50,715	1,55,50,82,281
Other income	2.12	7,14,144	9,12,120
Total revenue		2,08,69,64,859	1,55,59,94,401
Expenses			
Employee benefit expenses	2.13	82,68,04,779	39,36,39,716
Cost of technical sub-contractors	2.13	39,34,90,754	21,89,17,001
Travel expenses		3,83,48,521	1,78,76,305
Cost of software packages and others	2.13	1,48,40,527	73,13,408
Communication expenses	2.13	8,32,66,978	5,53,86,421
Professional charges		28,38,26,378	8,81,76,680
Interest expenses		22,99,369	21,591
Depreciation and amortisation expenses	2.7	6,42,190	3,58,975
Other expenses	2.13	7,93,39,333	7,24,84,466
Total expenses		1,72,28,58,829	85,41,74,564
PROFIT BEFORE TAX		36,41,06,030	70,18,19,837
Tax expense:			
Income tax	2.14	36,56,16,691	(47,61,142)
Deferred tax	2.14	(5,90,02,269)	–
PROFIT FOR THE PERIOD		5,74,91,608	70,65,80,979
EARNINGS PER EQUITY SHARE			
Basic		0.56	6.93
Number of shares used in computing earnings per share			
Basic		10,20,78,993	10,20,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Jeanne Mariani
Director, Finance

Place : Bangalore
Date : January 8, 2016

Cash Flow Statement

in ₹

Particulars		For the year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,41,06,030	70,18,19,837
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expense		6,42,190	3,58,975
Interest and dividend income		(7,14,144)	(9,12,120)
Interest Expense		22,99,369	21,591
Other non-cash items		3,14,22,128	1,70,98,352
Effect of exchange differences on translation of assets and liabilities		4,20,92,998	2,85,23,152
Changes in assets and liabilities			
Trade receivables		(17,44,99,340)	29,36,55,858
Loans and advances and other assets		5,49,75,580	(97,62,103)
Liabilities and provisions		40,40,46,942	4,21,00,566
		72,43,71,754	1,07,29,04,108
Income taxes paid		(30,70,32,791)	–
NET CASH GENERATED BY OPERATING ACTIVITIES		41,73,38,963	1,07,29,04,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(18,06,778)	(17,01,908)
Interest and dividend received		7,14,144	8,90,529
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(10,92,634)	(8,11,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution		15,21,29,635	–
Payments to shareholders		(13,06,26,858)	–
Capital withdrawals		(92,83,77,529)	(40,21,43,570)
Interest Expenses		(22,99,369)	–
Loan received from parent company		9,54,75,000	–
Loan repaid to parent company		(9,54,75,000)	–
NET CASH USED IN FINANCING ACTIVITIES		(90,91,74,121)	(40,21,43,570)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(49,29,27,793)	66,99,49,159
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		85,85,97,900	18,86,48,742
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		36,56,70,108	85,85,97,900
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Jeanne Mariani
Director, Finance

Place : Bangalore
Date : January 8, 2016

Significant accounting policies

Company overview

Kallidus, Inc is a wholly-owned subsidiary of Infosys Limited. The company is a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail client.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is primarily derived from software development and related services.

Revenue is recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company presents revenues net of Indirect taxes in its statement of profit and loss.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period post sales support for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in statement of profit and loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

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. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Office equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

Depriciation and amortisation methods, useful lives and residual values are reveiwed periodically, including at each financial year end. *(Refer Note 2.7)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an 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.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, 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. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

1.18 Cash flow statement

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

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation.

2.1 Equity share capital

in ₹,

Particulars	As at December 31,	
	2015	2014
Authorized		
Equity shares		
22,20,00,000 shares	–	–
Issued, subscribed and paid-up		
10,21,35,416 shares, fully paid up	15,30,97,452	9,67,817
	15,30,97,452	9,67,817

The details of shareholder holding more than 5% shares as at December 31, 2015 is set out below :

Name of the shareholder	As at December 31,	
	2015	
	No. of shares	% held
Infosys Limited[(1)]	10,21,35,416	100.00

[(1)] *On June 2, 2015 Infosys acquired 100% of the voting interest in Kallidus, Inc.*

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Securities Premium - opening balance	1,70,98,352	–
Add: Addition during the year	(9,92,04,730)	1,70,98,352
Securities Premium - closing balance	(8,21,06,377)	1,70,98,352
Foreign currency translation reserve – opening balance	10,22,15,026	7,36,09,192
Add: Foreign currency translation during the year	4,21,89,486	2,86,05,834
Foreign currency translation reserve – closing balance	14,44,04,512	10,22,15,026
Surplus- opening Balance	1,17,23,49,911	86,79,12,503
Add: Net profit after tax transferred from Statement of Profit and Loss	5,74,91,608	70,65,80,979
Less: Withdrawal by shareholders	92,83,77,529	40,21,43,570
Surplus – closing balance	30,14,63,991	1,17,23,49,911
	36,37,62,125	1,29,16,63,290

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	13,97,20,742	1,25,22,740
	13,97,20,742	1,25,22,740

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	31,09,25,875	–
Other liabilities		
Provision for expenses	64,05,459	7,00,70,028
Unearned revenue	4,05,75,796	3,25,52,379
Other payables	2,49,205	26,815
	35,81,56,336	10,26,49,222

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	2,13,41,827	–
Others		
Income taxes (net of advance tax and tax deducted at source)	5,38,22,047	–
	7,51,63,874	–

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2015:

in ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2015	–	–	17,95,304	17,95,304
Additions / adjustments during the year	23,415	16,95,514	87,849	18,06,778
Exchange Difference	(4)	3,268	88,854	92,118
As at December 31, 2015	23,411	16,98,782	19,72,006	36,94,199
Depreciation and amortization				
As at January 1, 2015	–	–	3,70,450	3,70,450
For the year	1,546	1,66,044	4,74,599	6,42,190
Exchange Difference	(3)	670	35,334	36,001
As at December 31, 2015	1,543	1,66,714	8,80,384	10,48,641
Net book value				
As at December 31, 2015	21,869	15,32,068	10,91,622	26,45,558

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹

Particulars	Furniture and fixtures	Total
Original cost		
As at January 1, 2014	–	–
Additions / adjustments during the year	17,01,908	17,01,908
Exchange Difference	93,396	93,396
As at December 31, 2014	17,95,304	17,95,304
Depreciation and amortization		
As at January 1, 2014	–	–
For the year	3,58,975	3,58,975
Exchange Difference	11,475	11,475
As at December 31, 2014	3,70,450	3,70,450
Net book value		
As at December 31, 2014	14,24,853	14,24,853

2.7 Deferred taxes

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Deferred tax assets		
Compensated absences	5,05,05,909	–
Accrued compensation to employees	85,36,731	–
	5,90,42,640	–

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Other loans and advances		
Advance income taxes (net of provisions)	–	47,61,852
	–	47,61,852

2.9 Trade receivables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Other debts		
Unsecured		
Considered good	60,83,91,019	43,38,91,679
Considered doubtful (Others)	–	–
	60,83,91,019	43,38,91,679
Less: Provision for doubtful debts (others)	–	–
	60,83,91,019	43,38,91,679
	60,83,91,019	43,38,91,679

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balances with banks		
In Current accounts	36,56,70,108	85,85,97,900
	36,56,70,108	85,85,97,900

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
In current accounts		
Citi Bank	36,56,70,108	85,85,97,900
	36,56,70,108	85,85,97,900
Total cash and cash equivalents as per Balance Sheet	36,56,70,108	85,85,97,900

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Unsecured, considered good		
Others		
Prepaid expenses	4,34,10,347	2,50,60,298
Others	2,85,535	5,13,605
	4,36,95,881	2,55,73,903
Unbilled revenues	38,19,474	6,91,07,411
Salary advance	–	89,338
Rental deposits	66,35,848	1,43,56,131
	5,41,51,203	10,91,26,783

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received from banks	7,14,144	9,12,120
	7,14,144	9,12,120

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	78,24,53,209	38,75,44,706
Contribution to provident and other funds	10,02,370	–
Staff welfare	4,33,49,200	60,95,010
	82,68,04,779	39,36,39,716
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	37,34,46,556	19,89,04,322
Technical sub-contractors - others	2,00,44,198	2,00,12,679
	39,34,90,754	21,89,17,001
Cost of software packages and others		
For own use	1,48,40,527	73,13,408
	1,48,40,527	73,13,408
Communication expenses		
Telephone charges	48,38,415	27,90,131
Communication expenses	7,84,28,563	5,25,96,290
	8,32,66,978	5,53,86,421
Other expenses		
Office maintenance	17,36,579	29,20,646
Brand building	3,08,20,269	96,80,001
Rent	2,29,47,284	1,98,29,898
Rates and taxes, excluding taxes on income	1,04,68,365	–
Computer maintenance	32,805	5,70,799
Consumables	35,13,416	42,94,605
Insurance charges	19,51,763	65,04,949
Bad Debts	3,22,817	2,37,14,860
Bank charges	2,77,157	(94,570)
Miscellaneous expenses	72,68,878	50,63,278
	7,93,39,333	7,24,84,466

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income tax	36,56,16,691	(47,61,142)
Deferred tax	(5,90,02,269)	–
	30,66,14,422	(47,61,142)

2.15 Quantitative details

The Company is primarily engaged in the software development and related services. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the satatement of profit and loss as per Schedule III to the Companies Act, 2013.

2.16 Leases

Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Lease rentals recognized during the year	2,29,47,284	1,98,29,898

in ₹

Lease obligations payable	Year ended December 31,	
	2015	2014
Within one year of the balance sheet date	1,69,88,300	2,24,69,018
Due in a period between one year and five years	–	3,86,56,177
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of five years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.17 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,
		2015
Infosys Limited[(1)]	India	100%

[(1)] *On June 2, 2015 Infosys acquired 100% of the voting interest in Kallidus, Inc.*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [(1)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o [(1)]	Poland
Infosys BPO S. de R. L. de C.V [(1)(2)]	Mexico
Infosys McCamish Systems LLC [(1)]	U.S.
Portland Group Pty. Limited [(1)]	Australia

Name of fellow subsidiaries	Country
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1][15]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty Limited [3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants Co., Ltd. [3]	China
Infosys Consulting Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Infosys Technologia DO Brasil LTDA (Infosys Brazil)	Brazil
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
Infosys Canada Public Services Ltd. [8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems) [12]	India
Noah Consulting LLC (Noah) [13]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [14]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO.*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Incorporated effective December 19, 2014, wholly owned subsidiary of Infosys Public Services Inc.,*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[14] *Wholly-owned subsidiary of Noah*
[15] *Incorporated effective November 20, 2015*

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Capital transactions		
Loans taken		
Infosys Limited [1]	–	–
Interest expense		
Infosys Limited [1]	22,99,369	–
	22,99,369	–

[1] *Loan of ₹. 95,475,000 was taken from Infosys Limited on June 23, 2015 @ 6% p.a. and the same was repaid on November 12, 2015*

2.18 Segment reporting

The Company is engaged in providing software development and related services in a single geography. Its operations are, therefore ,considered to constitute a single segment in the context of Accounting Standard 17 - 'Segment Reporting'

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Noah Consulting LLC

Independent Auditor's report

To the Members of Noah Consulting LLC

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Noah Consulting LLC ('the Company'), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place: Bangalore

Date: January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,16,53,03,025	75,93,96,302
Reserves and surplus	2.2	(87,39,36,081)	(37,74,08,317)
		29,13,36,944	38,19,87,985
NON CURRENT LIABILITIES			
Other long-term liabilities	2.3	9,13,00,469	–
		9,13,00,469	–
CURRENT LIABILITIES			
Trade payables	2.4	2,10,59,400	10,13,89,138
Other current liabilities	2.5	26,97,03,370	17,06,81,094
Short-term provisions	2.6	2,93,64,203	3,09,17,352
		32,01,26,973	30,29,87,584
		70,27,94,386	68,49,75,569
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	–	–
		–	–
Non-current investments	2.8	6,01,843	6,01,843
		6,01,843	6,01,843
CURRENT ASSETS			
Current investments	2.8	–	2,90,04,879
Trade receivables	2.9	47,25,12,926	61,93,89,094
Cash and cash equivalents	2.10	20,93,15,892	2,74,79,890
Short-term loans and advances	2.11	2,03,63,725	84,99,863
		70,21,92,543	68,43,73,726
SIGNIFICANT ACCOUNTING POLICIES	1	70,27,94,386	68,49,75,569

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of Board of Directors of Noah Consulting LLC

John Ruddy
Director

Place : Bangalore
Date : January 8, 2016

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2015	2014
Income from consultancy services		2,23,73,64,289	2,22,99,53,133
Other income	2.12	31,03,579	23,80,533
Total revenue		2,24,04,67,868	2,23,23,33,666
Expenses			
Employee benefit expenses	2.13	1,30,64,63,458	95,77,12,687
Cost of technical sub-contractors	2.13	46,44,17,785	58,56,83,473
Travel expenses	2.13	14,75,02,295	13,85,49,891
Cost of software packages and others	2.13	50,84,923	34,75,233
Communication expenses	2.13	55,66,030	37,40,137
Professional charges		6,32,33,339	9,35,91,775
Interest expenses		51,281	29,854
Depreciation and amortization expenses	2.7	–	37,86,183
Other expenses	2.13	4,71,87,728	3,40,41,591
Total expenses		2,03,95,06,839	1,82,06,10,824
PROFIT BEFORE TAX		20,09,61,029	41,17,22,842
Tax expense			
Income tax	2.14	54,17,383	54,51,458
PROFIT FOR THE PERIOD		19,55,43,646	40,62,71,384
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an itegral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Noah Consulting LLC

John Ruddy
Director

Cash Flow Statement

in ₹,

Particulars		Year Ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,09,61,029	41,17,22,842
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		–	37,86,183
Interest and dividend income		(13,887)	(7468)
Interest expense		51,281	29,854
Effect of exchange differences on translation of assets and liabilities		89,50,763	7,23,22,383
Changes in assets and liabilities			
Trade receivables		14,68,76,168	(27,44,11,204)
Loans and advances and other assets		(1,18,63,862)	(77,93,954)
Liabilities and provisions		11,98,48,147	9,67,71,871
		46,48,09,639	30,24,20,507
Income taxes paid		(1,68,25,672)	(17,86,336)
NET CASH GENERATED BY OPERATING ACTIVITIES		44,79,83,967	30,06,34,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		13,887	7,468
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		13,887	7,468
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of mutual funds		2,90,04,879	4,82,57,621
Interest expenses		(51,281)	(29,854)
Distribution of profit to shareholders		(29,51,15,450)	(47,09,52,388)
NET CASH USED IN FINANCING ACTIVITIES		(26,61,61,852)	(42,27,24,621)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		18,18,36,002	(12,20,82,982)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,74,79,890	14,95,62,872
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		20,93,15,892	2,74,79,890
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Noah Consulting LLC

John Ruddy
Director

Significant accounting policies and notes on accounts

Company overview

Noah Consulting LLC ('the Company') is a private limited liability company organised under laws of the State of Texas, U.S. in November 2008. The Company provides Information Technology data management consulting. Noah Canada has been consolidated in the financial statement.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, persuasive evidence of an arrangement exists, delivery has occured or service has been rendered and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable. The Company classifies reimbursements received for out-of-pocket expenses incurred as revenues.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue.

The Company provides an allowance for doubtful accounts that is based on a review of existing trade receivables. It is the Company's policy to charge off uncollectible accounts receivable when the Management determines the receivable will not be collected.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

1.7 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.8 Cash and cash equivalents

Short-term, fixed deposits with original maturities of three months or less are considered to be cash equivalents.

1.9 Cash flow statement

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

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2015	2014
Authorized		
Equity shares	1,16,53,03,025	75,93,96,302
Issued, subscribed and paid-up		
Equity shares fully paid-up	1,16,53,03,025	75,93,96,302
	1,16,53,03,025	75,93,96,302

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2015	2014
Foreign currency translation reserve	(1,47,07,417)	(2,40,22,841)
Surplus	(85,92,28,664)	(35,33,85,476)
	(87,39,36,081)	(37,74,08,317)

2.3 Other long-term liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	9,13,00,469	–
	9,13,00,469	–

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables	2,10,59,400	10,13,89,138
	2,10,59,400	10,13,89,138

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2015	2014
Accrued salaries and benefits		
Salaries and benefits	2,95,469	1,91,114
Bonus and incentives	25,87,18,151	15,04,02,593
Other liabilities		
Provision for expenses[1]	79,46,076	–
Withholding and other taxes payable	27,43,674	1,15,08,900
Other payables	–	85,78,487
	26,97,03,370	17,06,81,094
[1] *Includes dues to subsidiary (Refer to Note 2.15)*	74,05,686	–

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2015	2014
Provision for employee benefits		
Compensated absences	2,66,61,294	2,55,71,380
Others		
Income taxes (net of advance tax and TDS)	27,02,909	53,45,972
	2,93,64,203	3,09,17,352

2.7 Fixed assets

The changes in the carrying value of fixed assets for year ended December 31, 2015 are as follows:

in ₹ , except as otherwise stated

Particulars	Computer equipment	Furniture and fixtures	Total
Original cost			
As at January 1, 2015	31,19,394	75,16,637	1,06,36,031
Additions / adjustments during the year	–	–	–
Deductions / retirement during the year	–	–	–
Forex during the year	1,54,335	3,72,016	5,26,351
As at December 31, 2015	32,73,729	78,88,653	1,11,62,382
Depreciation and amortization			
As at January 1, 2015	31,19,394	75,16,637	1,06,36,031
For the year	–	–	–
Deductions / adjustments during the year	–	–	–
Forex during the year	1,54,335	3,72,016	5,26,351
As at December 31, 2015	32,73,729	78,88,653	1,11,62,382
Net book value			
As at December 31, 2015	–	–	–

The changes in the carrying value of fixed assets for year ended December 31, 2014 are as follows:

in ₹ , except as otherwise stated

Particulars	Computer equipment	Furniture and fixtures	Total
Original cost			
As at January 1, 2014	30,58,530	73,69,977	1,04,28,507
Additions / adjustments during the year	–	–	–
Deductions / retirement during the year	–	–	–
Forex during the year	60,864	1,46,660	2,07,524
As at December 31, 2014	31,19,394	75,16,637	1,06,36,031
Depreciation and amortization			
As at January 1, 2014	30,58,530	73,69,977	1,04,28,507
For the year	11,10,433	26,75,750	37,86,183
Deductions / adjustments during the year	–	–	–
Forex during the year	(10,49,569)	(25,29,090)	(35,78,659)
As at December 31, 2014	31,19,394	75,16,637	1,06,36,031
Net book value			
As at December 31, 2014	–	–	–

2.8 Investments

Non-current investments

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Investments in equity instruments of subsidiaries		
Noah Information Management Consulting	6,01,843	6,01,843
	6,01,843	6,01,843

Current Investments – at the lower of cost and fair value

Other current investments

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Quoted		
Mutual fund units	–	2,90,04,879
	–	2,90,04,879

2.9 Trade receivables [1]

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Other debts		
Unsecured		
Considered good	47,25,12,926	61,93,89,094
Considered doubtful (Others)	–	–
	47,25,12,926	61,93,89,094
Less: Provision for doubtful debts (others)	–	–
	47,25,12,926	61,93,89,094
	47,25,12,926	61,93,89,094
[1] *Includes dues from subsidiary (Refer to Note 2.15)*	13,13,37,650	9,85,21,582

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balances with banks		
In current accounts	20,93,15,892	2,74,79,890
	20,93,15,892	2,74,79,890

The details of balances as on Balance Sheet dates with banks are as follows:

Particulars	As at December 31, 2015	As at December 31, 2014
In current accounts		
Wells Fargo Bank, N.A	20,93,15,892	2,74,79,890
	20,93,15,892	2,74,79,890
Total cash and cash equivalents as per Balance Sheet	20,93,15,892	2,74,79,890

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	35,64,213	6,30,400
For supply of goods and rendering of services	1,66,06,273	–
	2,01,70,486	6,30,400
Unbilled revenues	–	9,37,720
Salary advances	1,93,239	69,31,743
	2,03,63,725	84,99,863

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Interest received on deposits with banks and others	13,887	7,468
Miscellaneous Income	30,89,692	23,59,357
Gains / (losses) on foreign currency, net	–	13,708
	31,03,579	23,80,533

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	1,25,13,13,154	90,63,98,264
Staff welfare	5,51,50,304	5,13,14,423
	1,30,64,63,458	95,77,12,687
Cost of technical sub-contractors		
Technical sub-contractors	46,44,17,785	58,56,83,473
	46,44,17,785	58,56,83,473
Travel expenses		
Travelling and conveyance	14,75,02,295	13,85,49,891

Particulars	Year ended December 31,	
	2015	2014
	14,75,02,295	13,85,49,891
Cost of software packages and others		
For own use	50,84,923	34,75,233
	50,84,923	34,75,233
Communication expenses		
Telephone charges	55,66,030	37,40,137
	55,66,030	37,40,137
Other expenses		
Power and fuel	29,23,612	21,01,162
Brand building	47,41,708	44,17,758
Rent	38,17,542	37,82,381
Rates and taxes, excluding taxes on income	9,81,503	8,23,756
Professional membership and seminar participation fees	25,20,008	11,85,973
Computer maintenance	17,80,836	4,54,617
Consumables	1,09,73,461	63,68,315
Insurance charges	33,18,034	39,97,932
Bank charges	4,44,827	3,98,320
Miscellaneous	1,56,86,197	1,05,11,377
	4,71,87,728	3,40,41,591

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2015	2014
Current tax		
Income tax	54,17,383	54,51,458
	54,17,383	54,51,458

2.15 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Infosys Limited[1]	India	100%	–

[1] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [1]	Czech Republic
Infosys BPO (Poland) Sp z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd[5]	Australia
Infosys BPO Americas LLC [1][15]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited[3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants GmbH	Austria
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
S.C. Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Canada Public Services Ltd. [8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus) [13]	U.S.
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Incorporated effective December 19, 2014, Wholly-owned subsidiary of Infosys Public Services Inc.,*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*

(14) *Wholly-owned subsidiary of Noah*
(15) *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade receivables		
Noah Canada	13,13,37,650	9,85,21,582
	13,13,37,650	9,85,21,582
Provision for expenses		
Noah Canada	74,05,686	–
	74,05,686	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

Particulars	Year ended December 31,	
	2015	2014
Purchase of services		
Noah Canada	74,39,267	-
	74,39,267	-

2.16 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

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Noah Information Management Consulting Inc.

Independent Auditor's report

To the Members of Noah Information Management Consulting Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Noah Information Management Consulting Inc. ('the Company'), which comprises the Balance sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. 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 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 standalone 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone 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, of the state of affairs of the Company as at December 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and

d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	5,20,000	5,20,000
Reserves and surplus	2.2	(9,89,31,561)	(6,75,81,787)
		(9,84,11,561)	(6,70,61,787)
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	6,41,048	–
		6,41,048	–
CURRENT LIABILITIES			
Trade payables	2.4	10,66,05,573	9,58,86,687
Other current liabilities	2.5	1,23,63,903	2,56,25,208
Short-term provisions	2.6	12,98,997	–
		12,02,68,473	12,15,11,895
		2,24,97,960	5,44,50,108
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	1,90,598	2,17,586
		1,90,598	2,17,586
CURRENT ASSETS			
Trade receivables	2.8	88,29,896	4,02,69,489
Cash and cash equivalents	2.9	51,29,763	1,34,67,811
Short-term loans and advances	2.10	83,47,703	4,95,222
		2,23,07,362	5,42,32,522
		2,24,97,960	5,44,50,108
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Noah Information Management Consulting Inc.

John Ruddy
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31, 2015	Year ended December 31, 2014
Income from consultancy services		6,17,54,335	12,02,54,709
Other income	2.11	(35,39,798)	(13,44,948)
Total revenue		5,82,14,537	11,89,09,761
Expenses			
Employee benefit expenses	2.12	8,57,99,904	9,13,57,473
Cost of technical sub-contractors	2.12	22,38,890	2,55,95,924
Travel expenses	2.12	59,86,713	1,29,60,523
Cost of software packages and others	2.12	1,70,573	–
Communication expenses	2.12	3,75,622	8,03,168
Professional charges		21,26,718	55,39,959
Interest expenses		3,509	5,50,513
Depreciation and amortization expenses	2.7	–	2,37,756
Other expenses	2.12	31,34,506	1,10,23,610
Total expenses		9,98,36,435	14,80,68,926
LOSS BEFORE TAX		(4,16,21,898)	(2,91,59,165)
Tax expense			
Income tax		–	–
LOSS FOR THE PERIOD		(4,16,21,898)	(2,91,59,165)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bangalore
Date : January 8, 2016

for and on behalf of Board of Directors of Noah Information Management Consulting Inc.

John Ruddy
Director

Cash Flow Statement

in ₹

Particulars		Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(4,16,21,898)	(2,91,59,165)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		–	2,37,756
Interest expense		3,509	5,50,513
Effect of exchange differences on translation of assets and liabilities		1,02,99,112	62,04,443
Changes in assets and liabilities			
Trade receivables		3,14,39,593	(2,96,10,552)
Loans and advances and other assets		(78,52,481)	11,02,161
Liabilities and provisions		(6,02,374)	6,08,15,616
		(83,34,539)	1,01,40,772
Income taxes paid		–	–
NET CASH GENERATED BY OPERATING ACTIVITIES		(83,34,539)	1,01,40,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		–	(3,82,301)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		–	(3,82,301)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expenses		(3,509)	(5,50,513)
NET CASH USED IN FINANCING ACTIVITIES		(3,509)	(5,50,513)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(83,38,048)	92,07,958
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,34,67,811	42,59,853
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		51,29,763	1,34,67,811
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

for and on behalf of Board of Directors of Noah Information Management Consulting Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

John Ruddy
Director

Place : Bangalore
Date : January 8, 2016

Significant accounting policies and notes on accounts

Company overview

Noah Information Management Consulting Inc. ('the Company'), a wholly-owned subsidiary of Noah Consulting LLC, was formed in April 2011 in Alberta, Canada. The Company provides Information Technology data management consulting.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the Indian rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, persuasive evidence of an arrangement exists, delivery has occurred or service has been rendered and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable. The Company classifies reimbursements received for out-of-pocket expenses incurred as revenues.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue.

The Company provides an allowance for doubtful accounts that is based on a review of existing trade receivables. It is the Company's policy to charge off uncollectible accounts receivable when the Management determines the receivable will not be collected.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

1.7 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

1.8 Cash and cash equivalents

Short-term, fixed deposits with original maturities of three months or less are considered to be cash equivalents.

1.9 Cash flow statement

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

2 Notes on accounts for the year ended December 31, 2015

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except share data

Particulars	As at December 31,	
	2015	2014
Authorized		
Equity shares	5,20,000	5,20,000
Issued, subscribed and paid-up		
Equity shares fully paid-up	5,20,000	5,20,000
	5,20,000	5,20,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Foreign currency translation reserve – opening balance	33,41,945	4,22,542
Add: Foreign currency translation during the year	1,02,72,124	29,19,403
Foreign currency translation reserve – closing balance	1,36,14,069	33,41,945
Surplus – opening balance	(7,09,23,732)	(4,17,64,567)
Add: Net profit after tax transferred from Statement of Profit and Loss	(4,16,21,898)	(2,91,59,165)
Surplus – closing balance	(11,25,45,630)	(7,09,23,732)
	(9,89,31,561)	(6,75,81,787)

2.3 Other long-term liabilities

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Accrued salaries and benefits		
Bonus and incentives	6,41,048	–
	6,41,048	–

2.4 Trade payables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Trade payables [(1)]	10,66,05,573	9,58,86,687
	10,66,05,573	9,58,86,687
[(1)] *Includes dues to holding company (Refer to Note 2.13)*	1,05,87,135	8,75,65,242

2.5 Other current liabilities

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Accrued salaries and benefits		
Salaries and benefits	6,54,971	1,19,11,640
Bonus and incentives	1,16,49,946	1,36,05,000
Other liabilities		
Other payables	58,986	1,08,568
	1,23,63,903	2,56,25,208

2.6 Short-term provisions

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Provision for employee benefits		
Compensated absences	12,98,997	–
	12,98,997	–

2.7 Fixed assets

The changes in the carrying value of fixed assets for year ended December 31, 2015 are as follows:

in ₹ , except as otherwise stated

Particulars	Computer equipment	Total
Original cost		
As at January 1, 2015	5,08,861	5,08,861
Additions / adjustments during the year	–	–
Deductions / retirement during the year	–	–
Forex for the year	(63,117)	(63,117)
As at December 31, 2015	4,45,744	4,45,744
Depreciation and amortization		
As at January 1, 2015	2,91,275	2,91,275
For the year	–	–
Deductions / adjustments during the year	–	–
Forex for the year	(36,129)	(36,129)
As at December 31, 2015	2,55,146	2,55,146
Net book value		
As at December 31, 2015	1,90,598	1,90,598

The changes in the carrying value of fixed assets for year ended December 31, 2014 are as follows:

in ₹ , except as otherwise stated

Particulars	Computer equipment	Total
Original cost		
As at January 1, 2014	1,35,045	1,35,045
Additions / adjustments during the year	3,82,258	3,82,258
Deductions / retirement during the year	–	–
Forex for the year	(8,442)	(8,442)
As at December 31, 2014	5,08,861	5,08,861
Depreciation and amortization		
As at January 1, 2014	77,613	77,613
For the year	2,37,756	2,37,756
Deductions / adjustments during the year	–	–
Forex for the year	(24,094)	(24,094)
As at December 31, 2014	2,91,275	2,91,275
Net book value		
As at December 31, 2014	2,17,586	2,17,586

2.8 Trade receivables

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Other debts		
Unsecured		
Considered good	88,29,896	4,02,69,489
	88,29,896	4,02,69,489
Less: Provision for doubtful debts (others)	–	–
	88,29,896	4,02,69,489
	88,29,896	4,02,69,489

2.9 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2015	As at December 31, 2014
Balances with banks		
In Current accounts	51,29,763	1,34,67,811
	51,29,763	1,34,67,811

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
In current accounts		
Royal Bank of Canada	51,29,763	1,34,67,811
Total cash and cash equivalents as per Balance Sheet	51,29,763	1,34,67,811

2.10 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	2,76,794	–
Withholding and other taxes receivable	4,33,797	4,95,222
	7,10,591	4,95,222
Unbilled revenues[1]	73,98,762	–
Salary advances	2,38,350	–
	83,47,703	4,95,222
[1] *Includes dues from holding company (Refer to Note 2.13)*	73,98,763	–

2.11 Other income

in ₹

Particulars	Year ended December 31,	
	2015	2014
Gains / (losses) on foreign currency, net	(35,39,798)	(13,44,948)
	(35,39,798)	(13,44,948)

2.12 Expenses

in ₹

Particulars	Year ended December 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus	8,44,81,333	8,70,38,250
Staff welfare	13,18,571	43,19,223
	8,57,99,904	9,13,57,473
Cost of technical sub-contractors		
Technical sub-contractors – others	22,38,890	2,55,95,924
	22,38,890	2,55,95,924
Travel expenses		
Travelling and conveyance	59,86,713	1,29,60,523
	59,86,713	1,29,60,523
Cost of software packages and others		
For own use	1,70,573	–
	1,70,573	–
Communication expenses		
Telephone charges	3,75,622	8,03,168
	3,75,622	8,03,168
Other expenses		
Power and fuel	3,02,316	2,77,787
Brand building	2,06,977	6,41,355
Rent	2,26,780	5,18,170
Rates and taxes, excluding taxes on income	–	44,35,277
Professional membership and seminar participation fees	7,97,501	7,13,787
Computer maintenance	27,817	56,826
Consumables	5,70,580	14,81,428
Insurance charges	1,30,959	2,11,831
Bank charges	1,64,338	98,459
Miscellaneous	7,07,238	25,88,690
	31,34,506	1,10,23,610

2.13 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2015	2014
Noah Consulting LLC	US	100%	100%

Name of ultimate holding company	Country
Infosys Limited [1]	India

[1] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah Consulting LLC.*

Name of fellow subsidiaries	Country
Infosys BPO Limited (Infosys BPO)	India
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Americas Inc. (Infosys Americas)	U.S.
Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s. r. o)* [1]	Czech Republic
Infosys BPO (Poland) Sp z o.o. [1]	Poland
Infosys BPO S. de R. L. de C. V [1][2]	Mexico
Infosys McCamish Systems LLC [1]	U.S.
Portland Group Pty. Limited [1]	Australia
Portland Procurement Services Pty Ltd [5]	Australia
Infosys BPO Americas LLC [1][16]	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia
EdgeVerve Systems Limited (EdgeVerve) [7]	India
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [3]	Switzerland
Lodestone Augmentis AG [2][6]	Switzerland
Hafner Bauer & Ödman GmbH [2][3]	Switzerland
Lodestone Management Consultants (Belgium) S. A. [4]	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd.)* [3]	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants Sp. z o.o. [3]	Poland
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina
S.C. Infosys Consulting S.R.L. *(formerly SC Lodestone Management Consultants S.R.L.)* [3]	Romania
Infosys Canada Public Services Ltd. [8]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [9]	U.S.
Panaya Inc. (Panaya) [10]	U.S.
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11]	Australia
Panaya Japan Co. Ltd. [11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus) [13]	U.S.

[1] *Wholly-owned subsidiaries of Infosys BPO*
[2] *Under liquidation*
[3] *Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[4] *Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[5] *Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014*
[6] *Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[7] *Incorporated effective February 14, 2014*
[8] *Incorporated effective December 19, 2014, Wholly-owned subsidiary of Infosys Public Services Inc.,*
[9] *Incorporated effective January 23, 2015*
[10] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[11] *Wholly-owned subsidiary of Panaya Inc.*
[12] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[13] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[14] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[15] *Wholly-owned subsidiary of Noah*
[16] *Incorporated effective November 20, 2015*

The details of amounts due to or due from as at December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	As at December 31,	
	2015	2014
Trade payables		
Noah Consulting, LLC	10,58,72,135	8,75,65,242
	10,58,72,135	8,75,65,242
Unbilled Revenues		
Noah Consulting, LLC	73,98,763	–
	73,98,763	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2015 and December 31, 2014 are as follows:

in ₹

Particulars	Year ended December 31,	
	2015	2014
Sale of services		
Noah Consulting, LLC	74,50,344	–
	74,50,344	–

2.14 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule III to the Companies Act, 2013.

2.15 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 17 – 'Segment Reporting'.

Infosys Consulting SAS

(formerly Lodestone Management Consultants SAS)

COFFRA
AUDIT

Paris, May 4, 2016

To the Shareholder

INFOSYS CONSULTING
(formerly Lodestone Management Consultants SAS)
Société par Actions Simplifiée
Paris La Défense 9

To the Shareholder,

In compliance with the assignment entrusted to us by your bylaws, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of INFOSYS CONSULTING SAS Company,

- the justification of our assessments,

- the specific verification and information required by law.

These financial statements have been approved by our Chairman. Our role is to express an opinion on these financial statements based on our audit.

COMPAGNIE FIDUCIAIRE FRANCO-ALLEMANDE
Membre de la Compagnie Régionale des Commissaires aux Comptes de Paris
Inscrite au tableau de l'Ordre des Experts Comptables de Paris
155, Bd Haussmann - 75008 Paris - Tél. : + 33 (0)1 43 59 33 88 - Fax : + 33 (0)1 45 63 93 59
E-mail : info@coffra.fr - www.coffra.fr
SAS au capital de 100 000 €
R.C.S. B 334 591 724 - SIRET 334 591 724 00029 - T.V.A. FR 75 334 591 724

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

The Appendix sets out the accounting policies for the recording of receivables and liabilities.

As part of our assessment of the accounting policies applied by your company, we checked the appropriateness of the accounting policies described above and the information described in the Appendix and their correct application.

Due to the negative net equity of the company at year end, we have been led to verify significant factors supporting the going concern principle assumption and the commitment of the shareholder set out in the notes to the financial accounts as of December 31, 2015.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Chairman and in the documents addressed to the shareholder with respect to the financial position and the financial statements.

The Statutory Auditor
Compagnie Fiduciaire Franco-Allemande
Member of the "Compagnie Régionale de Paris"

French original signed by

Sylvie Patat Partner	Christoph Schlotthauer Partner

Balance sheet assets

	Gross	Depreciation Amortisation	Net 31/12/2015	Net 31/12/2014
Uncalled subscribed capital				
CAPITAL ASSETS				
Intangible assets				
Preliminary expenses				
Research and development costs				
Concessions, patents, licenses, software, rights & similar				
Goodwill				
Other intangible assets				
Advances and down-payments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Industrial facilities, plant and equipment				
Other property, plant and equipment	57 891	34 622	23 269	12 896
Property, plant and equipment under construction				
Advances and down- payments				
Non- current financial assets				
Equity interests (equity method)				
Other equity interests				
Loans to subsidiaries and affiliates				
Other long- term investments				
Loans				
Other non- current financial assets				
TOTAL CAPITAL ASSETS	**57 891**	**34 622**	**23 269**	**12 896**
CIRCULATING ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies				
Work in process inventory (goods and services)				
Intermediate and finished products				
Merchandise				
Advances and down- payments paid on orders				
Receivables				
Trade and related receivables	797 339		797 339	1 575 237
Other receivables	72 870		72 870	45 368
Called, subscribed capital, not paid up				
Miscellaneous				
Short- term investments				
Cash	81 312		81 312	573 298
Prepaid expenses (3)				
TOTAL CIRCULATING ASSETS	**951 522**		**951 522**	**2 193 904**
Loan issue costs				
Bond redemption premiums				
Translation adjustment (assets)				30
TOTAL	**1 009 413**	**34 622**	**974 790**	**2 206 830**

Balance sheet liabilities

	31/12/2015	31/12/2014
OWNERS' EQUITY		
Share capital	80 000	80 000
Additional paid-in capital, merger premium, share premiums		
Revaluation surplus		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	-3 597 098	-1 512 778
PROFIT/ (LOSS) FOR THE PERIOD	**-836 158**	**-2 084 320**
Investment grants		
Regulated provisions		
TOTAL EQUITY	**-4 353 256**	**-3 517 098**
OTHER EQUITY		
Income from issues of equitty interests		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS		
Provisions for risks		
Provisions for charges		
TOTAL CONTINGENT LIABILITIES		
LIABILITIES (1)		
Convertible bonds		
Other bonds		
Bank borrowings and other liabilities to banks		
Other borrowings and finanancial liabilities	1 945 141	967 889
Advances and down- payments received on orders in process		
Trade and related payables	2 027 841	1 584 903
Tax and social security payables	1 208 068	1 901 039
Debts on capital assets and related payables		
Other payables	67 117	1 262 506
Prepaid income		
TOTAL LIABILITIES	**5 248 168**	**5 716 336**
Translation adjustment (liabilities)	79 879	7 592
TOTAL	**974 790**	**2 206 830**

Income statement - I

	France	Exports	31/12/2015	31/12/2014
Operating income				
Sales of goods				
Products sold (goods)				
Products sold (services)	1 667 374	4 236 551	5 903 925	9 200 219
Net revenue	**1 667 374**	**4 236 551**	**5 903 925**	**9 200 219**
Production in inventory				
Capitalised production				
Operating grants				
Reversals of provisions (and amortisation) and transfers of charges				
Other income				
Total operating income			**5 903 925**	**9 200 219**
Operating expenses				
Purchase of goods				
Changes in inventory				
Purchase of raw materials and other supplies				
Changes in inventory				
Other purchases and external charges			2 438 180	3 999 058
Taxes and similar charges			54 952	208 829
Wages and salaries			2 923 606	4 537 093
Social charges			1 217 111	2 492 407
Depreciation expense and allowance for impairement:				
- On non- current assets: depreciation expense			16 832	9 748
- On non- current assets: allowance for impairment				
- On circulating assets: allowance for impairement				
- Contingent liabilities: provisions				
Other charges				2
Total operating expenses			**6 650 681**	**11 247 138**
OPERATING PROFIT/ (LOSS) (I-II)			**-746 757**	**-2 046 919**
Share of profit/ (loss) on joint operations				
Profit allocated or loss transferred (III)				
Loss sustained or profit transfered				
Investment income				
From equity interests				
From other non- current securities and receivables				
Other interest and similar income				
Reversals of provisions and allowances for impairment and transfers of charges				
Positive foreign exchange differences				
Net gain on disposals of securities				
Total investment income (V)				
Financial expense				
Amortisation expense, allowance for impairement and provisions				1 286
Interest and similar expenses (4)			9 679	17 889
Negative foreign exchange differences			79 722	18 226
Net loss on disposals of securities				
Total financial expenses (VI)			**89 401**	**37 401**
FINANCIAL PROFIT/(LOSS) (V-VI)			**-89 401**	**-37 401**
PRE- TAX EARNINGS (I-II+III-IV+V-VI)			**-836 158**	**-2 084 320**

Income statement - II

	31/12/2015	31/12/2014
Exceptional income		
From management transactions		
From capital transactions		
Reversals of provisions and allowance for impairment and transfers of charges		
Total exceptional income (VII)		
Exceptional expenses		
On management transactions		
On capital transactions		
Amortisation expense, allowance for impairment and provisions		
Total exceptional expenses (VIII)		
EXCEPTIONAL PROFIT/(LOSS) (VII-VIII)		
Employee profit- sharing (IX)		
Income tax (X)		
Total income (I+III+V+VII)	**5 903 925**	**9 200 219**
Total expenses (II+IV+VI+VIII+IX+X)	**6 740 082**	**11 284 539**
PROFIT OR (LOSS)	**-836 158**	**-2 084 320**

Accounting rules and methods

Company name: SASU INFOSYS CONSULTING

Notes to the balance sheet before allocation of earnings of the financial year ended on 31/12/2015, for a total of 974 790 €
and notes to the income statement for the financial year presented in list form, showing a loss of 836 158 €.

The financial year runs for 12 months, from 01/01/2015 to 31/12/2015.

The notes or tables presented below form an integral part of the annual financial statements.

These annual financial statements were approved on 29/04/2016 by the company's directors.

General accounting rules

The annual financial statements of financial year ended on 31/12/2015 have been prepared in accordance with the chart of accounts approved by Ministerial order, pursuant to articles L.123-12 to L.123-28 and R.123-172 to R.123-208 of the French Commercial Code.

Besides, the company has chosen to disclose a simplfied version of its annual financial statements in accordance with article L.123- 16 of the French Commercial Code.

Accounting conventions have been applied in compliance with the prudence principle, in accordance with the basic assumptions of:
- going concern,
- consistency of accounting methods from one period to another,
- independent financial years,

and in accordance with the general rules for establishig and presenting annual financial statements.

Assets and liabilities in the financial statements are principally accounted for using the historical costs method.

Despite the negative equity the going concern principle has been assumed considering the financial support provided by the Swiss parent company Infosys Holding AG and its ability to meet all its financial commitments.

Only material information is given. Unless otherwise specifically mentioned, all amounts are expressed in euros.

Property, plant, equipments and intangible assets

Property, plant, equipments and intangible assets are measured at their acquisition costs for assets acquired, at production cost for assets produced by the company, and at market value for assets acquired free of cost or as exchange.

The cost of an asset comprises the purchase price, including non- refundable excise duties and taxes, less discounts, rebates and reductions, and all directly attributable costs incurred to establish and commission the asset, according to its planned usage. Transfer taxes, fees, commission and legal fees related to the acquisition are not included in this acquisition cost. All costs not included in the acquisition cost of the asset and not directly associated to the costs arising to establish and commission the asset in accordance with its planned usage are recognised as an expense.

Accounting rules and methods

Depreciation

Depreciation is calculated according to the linear method over the planned useful life of the asset.

All duration below are given in full years :

* Office equipment : 3 years
* Computer equipment : 3 years

For simplification purposes, assets that could not be split into component upon their recognition as an asset are depreciated over their estimated useful life.
At closing date,the company reviewed indications of impairment by considering internal and external information available for this review.

Receivables

Receivables are recognised at nominal value. A provision for impairment is booked when the inventory value is lower than the nominal value.

Competitiveness and employment tax credit

A competitiveness and employment tax credit (CICE) based on compensations due for the 2015 calendar year was recognised in the amount of 2 673 €. In accordance with the recommendation of the French accounting standards board (Autorité des normes comptables), the income is recognised in account 649 - Salaries and fringe benefits - CICE.

The competitiveness and employment tax credit (CICE) recognised for the financial year is deducted from operating expense and allocated against the income tax due for the period.

Significant events

Other significant events

The company Lodestone Management Consultants changed its company and is now called Infosys Consulting.

Notes to the balance sheet

Fixed assets

Fixed assets schedule

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	33 026	27 204	2 339	57 891
- Recoverable packaging and miscellaneous				
- Property, plant and equipment under construction				
- Advances and down- payments				
Property, plant and equipment	**33 026**	**27 204**	**2 339**	**57 891**
- Interests accounted for using the equity method				
- Other equity interests				
- Other long- term investments				
- Loans and other non- current financial assets				
Non- current financial assets				
CAPITAL ASSETS	**33 026**	**27 204**	**2 339**	**57 891**

Notes to the balance sheet

Fixed assets depreciation

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	20 129	16 832	2 339	34 622
- Recoverable packaging and miscellaneous				
Property, plant and equipment	**20 129**	**16 832**	**2 339**	**34 622**
CAPITAL ASSETS	**20 129**	**16 832**	**2 339**	**34 622**

Notes to the balance sheet

Current assets

Schedule of receivables

On the closing date, receivables totalled 870 209 €. The detailed breakdown by due date is as follows:

	Gross value	Due <1 yr.	Due >1 yr.
Receivables related to capital assets			
Loans to subsidiaries and affiliates			
Loans			
Other			
Receivables related to circulating assets:			
Trade and accounts receivable	797 339	797 339	
Other	72 870	72 870	
Prepaid expenses			
Total	**870 209**	**870 209**	
Loans granted during the period			
Loans repaid during the period			

Accrued income

Accrued income is included in the following asset positions:

	Amount
Loans to subsidiaries and affiliates	
Other non- current financial assets	
Trade accounts receivable	156 131
Other receivables	41 387
Cash	
Total	**197 518**

Notes to the balance sheet

Owner's equity

Capital structure

Share capital amounts to 80 000,00 € divided into 8 000 shares at 10,00 € each.

List of share capital owners

	% of ownership	Number of unit or shares
I. LEGAL ENTITIES		
INFOSYS CONSULTING HOLDING AG 8058 ZÜRICH	100	8 000
II. INDIVIDUALS		

Debts

Statement of liabilities

On the closing date, liabilities totalled 5 248 168 €. The breakdown by due date is as follows:

	Gross value	Due < 1 yr.	Due > 1 yr.	Due > 5 yr.
Convertible bonds (*)				
Other bonds (*)				
Bank borrowings (*) and other liabilities to banks, of which:				
- up to 1 yr. at the outset				
- 1 yr. or more at the outset				
Other borrowings and financial liabilities (*) (**)	1 945 141	1 945 141		
Trade and related payables	2 027 841	2 027 841		
Other payables (**)	1 208 068	1 208 068		
Debts on capital assets and related payables				
Other payables (**)	67 117	67 117		
Deffered income				
Total	**5 248 168**	**5 248 168**		
(*) Loans taken out during the period				
(*) Loans repaid during the period, of which:				
(**) including to associates				

Notes to the balance sheet

Accrued expenses

Accrued expenses are included in the following liability positions:

	Amount
Convertible bonds	
Other bonds	
Bank borrowings and other liabilities to banks	
Other borrowings and financial liabilities	
Trade and related payables	131 650
Tax and social security payables	597 278
Debts on capital assets and related payables	
Other payables	67 117
Total	**796 045**

Notes to the balance sheet

Other information

Related-parties disclosure

	Associated companies	Affiliated companies
Uncalled subscribed capital		
Advances and down- payments on intangible assets		
Advances and down- payments on property, plant and equipment		
Investments		
Loans to subsidiaries and affiliates		
Loans		
Other long-term investments		
Other non- current financial assets		
Total assets		
Advances and down- payments paid on orders		
Trade and accounts receivable	223 527	
Other receivables		
Called, subscribed capital, not paid up		
Total receivables	**223 527**	
Short- term investment		
Cash		
Convertible bonds		
Other convertible bonds		
Bank borrowings and other liabilities to banks		
Other borrowings and financial liabilities	1 945 141	
Advances and down- payments received on orders in process		
Trade and related payables	1 886 105	
Debts on capital assets and related payables		
Other payables		
TOTAL LIABILITIES	**3 831 247**	

Notes to the income statement

Operating and financial income and expense

Income and expenses related to associates

Amount included in the period financial expenses : 9 679 €

Other Information

Identity of the parent company preparing the consolidated financial statements

Company name : Infosys Consulting Holding AG

Form : AG

With share capital of : 26 290 CHF

Headquarters :
Obstgartenstr. 27
8058 Zürich (Suisse)

Competitiveness and employment tax credit

The CICE was introduced to enhance the competitiveness of businesses in France. It will be used to boost and to help firms recover their working capital.

www.infosys.com

To read the report online:
http://www.infosys.com/AR-subsidiaries-2016

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