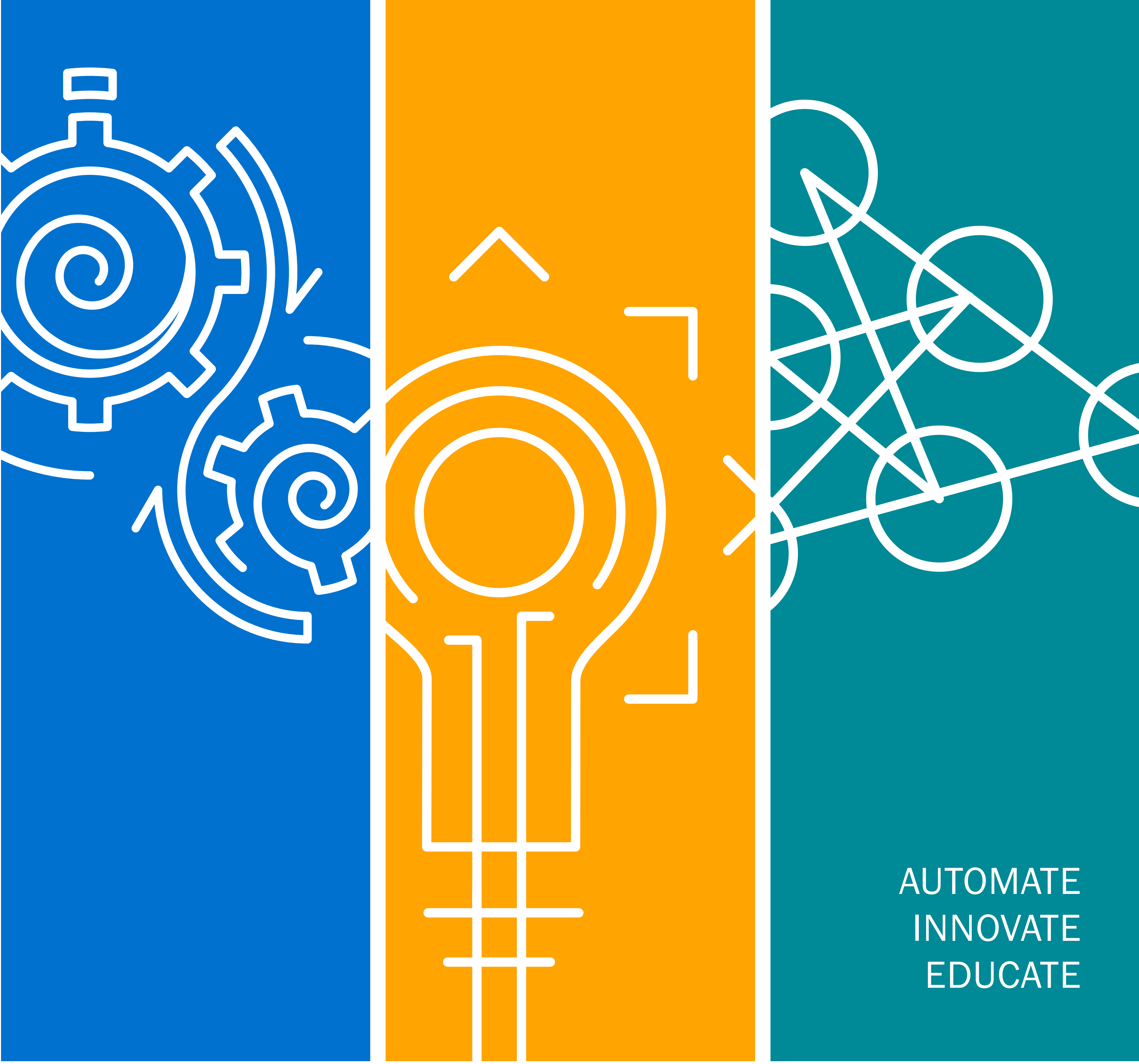

Infosys®

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SUBSIDIARY FINANCIALS 2016-17

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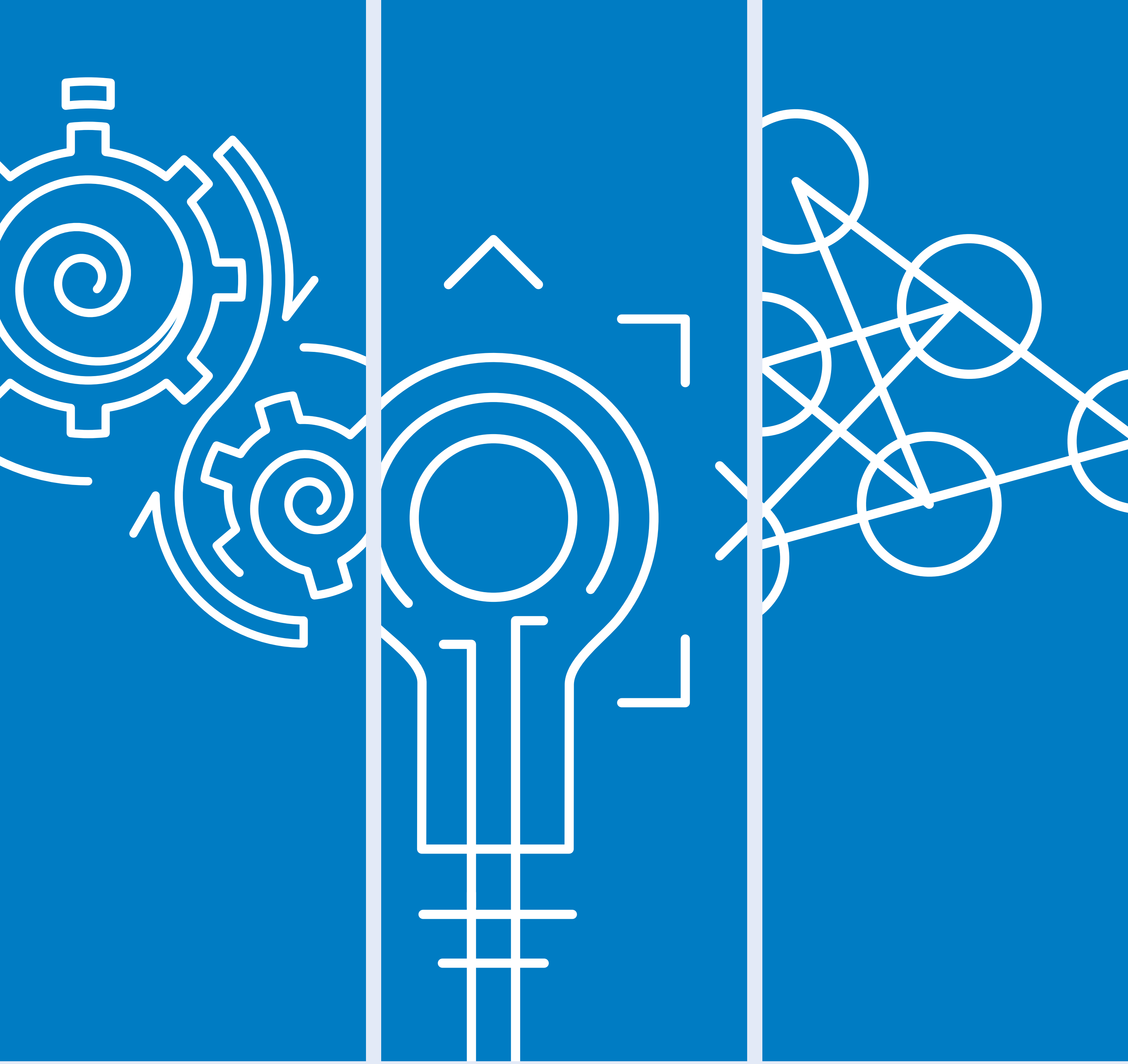

Infosys BPO Limited

Independent Auditors' Report

To the Members of Infosys BPO Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys BPO Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as specified under Section 133 of the Act, read relevant rules issued thereunder.

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 standalone Ind AS 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 Ind AS financial statements based on our audit.

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder;

e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

g. with respect to the other matters to be included in the Auditors' 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 standalone Ind AS financial statements. (Refer to Note 2.22 to the standalone Ind AS 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 2.15 to the financial statements);

    iii. there were no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

    iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. (Refer to Note 2.8 to the standalone Ind AS financial statements).

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The Company has a regular programme of physical verification of its fixed assets by which 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 software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, 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 advanced 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, value added tax, service tax, cess and other material statutory dues have 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, employee's state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(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	High Court of Karnataka
Income Tax Act, 1961	Tax Demands	3,178,238	AY 2011-12	Commissioner of Income tax (appeals)
Finance Act, 1994	Service tax demands / penalty	759,657,948#	April 2007 to September 2010	Central Excise, Service Tax Appellate Tribunal- Bengaluru
Finance Act, 1994	Service tax demands / penalty	110,820,080#	January 2005 to March 2007	Central Excise, Service Tax Appellate Tribunal- Bengaluru
Finance Act, 1994	Service tax demands / penalty	76,420,315#	October 2010 to September 2011	Central Excise, Service Tax Appellate Tribunal- Bengaluru
RVAT Act, 2005	Value added tax	46,645	FY 2011-12	Commercial tax office, Jaipur
RVAT Act, 2005	Value added tax	1,000	FY 2012-13	Commercial tax office, 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 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. Accordingly, 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 for 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. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS 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 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

Bengaluru
April 10, 2017

Annexure - B to the 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 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 the 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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

Bengaluru
April 10, 2017

Balance Sheet

in ₹ crore

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.3	256	241	223
Capital work-in-progress		13	16	7
Goodwill		19	19	19
Financial assets				
Investments	2.4	916	562	566
Loans	2.5	–	–	–
Other financial assets	2.6	33	60	47
Deferred tax assets , net	2.16	41	41	41
Income tax assets , net	2.16	59	53	52
Other non-current assets	2.9	10	1	1
Total non-- current assets		1,347	993	956
Current assets				
Financial assets				
Investments	2.4	279	21	125
Trade receivables	2.7	491	490	462
Cash and cash equivalents	2.8	2,061	2,186	1,580
Loans	2.5	17	18	15
Other financial assets	2.6	193	186	133
Other current assets	2.9	55	43	39
Total current assets		3,096	2,944	2,354
Total assets		4,443	3,937	3,310
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.11	34	34	34
Other equity		3,961	3,413	2,845
Total equity		3,995	3,447	2,879
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.12	–	21	21
Total non-- current liabilities		–	21	21
Current liabilities				
Financial Liabilities				
Trade payables	2.13	7	10	20
Other financial liabilities	2.12	317	345	304
Other current liabilities	2.14	88	80	31
Provisions	2.15	28	33	54
Income tax liabilities , net	2.16	8	1	1
Total current liabilities		448	469	410
Total equity and liabilities		4,443	3,937	3,310

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's 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

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

D.N. Prahlad
Director

Ravi Kumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Statement of Profit and Loss

in ₹ crore, except equity share and per equity share data

Particulars	Note	For the year ended March 31,	
		2017	2016
Revenue from operations		2,940	2,849
Other income, net	2.17	221	199
Total Income		3,161	3,048
Expenses			
Employee benefit expenses	2.18	1,728	1,649
Cost of technical sub-contractors and professional charges	2.18	161	179
Travel expenses		126	117
Rent	2.19	88	75
Depreciation and amortization expense	2.3	74	62
Other expenses	2.18	234	214
Total expenses		2,411	2,296
Profit before tax		750	752
Tax expense			
Current tax	2.16	198	184
Deferred tax	2.16	–	1
		198	185
Profit for the year		552	567
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax		(4)	(1)
		(4)	(1)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale financial asset, net of tax		–	–
		–	–
Total other comprehensive income, net of tax		(4)	(1)
Total comprehensive income for the period		548	566
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic (₹)		163.14	168.46
Diluted (₹)		163.14	168.46
Weighted average equity shares used in computing earnings per share			
Basic	2.21	3,38,27,751	3,38,27,751
Diluted	2.21	3,38,27,751	3,38,27,751

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
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Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

for and on behalf of the Board of Directors of Infosys BPO Limited

U.B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

D.N. Prahlad
Director

Ravi Kumar Singisetti
Director

Sangita Singh
Director

Nishit Ajitkumar Shah
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Statement of Changes in Equity

in ₹ crore

Particulars	Equity Share capital	Other equity					Total
		Reserves and surplus				Other comprehensive income	
		Securities premium account	Retained earnings	Capital reserve	General reserve		
Balance as of April 1, 2015	34	25	1,830	1	1,000	(11)	2,879
Changes in equity for the year ended March 31, 2016							
Fair value changes on available-for-sale financial asset, net of tax	–	–	–	–	–	2	2
Remeasurement of the net defined benefit liability, net of tax	–	–	–	–	–	(1)	(1)
Profit for the period	–	–	567	–	–	–	567
Balance as of March 31, 2016	34	25	2,397	1	1,000	(10)	3,447
Balance as of April 1, 2016	34	25	2,397	1	1,000	(10)	3,447
Changes in equity for the year ended March 31, 2017							
Fair value changes on available-for-sale financial asset	–	–	–	–	–	–	–
Remeasurement of the net defined benefit liability, net of tax	–	–	–	–	–	(4)	(4)
Profit for the period	–	–	552	–	–	–	552
Balance as of March 31, 2017	34	25	2,949	1	1,000	(14)	3,995

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's registration number : 101248W/W-100022

Supreet Sachdev
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for and on behalf of the Board of Directors of Infosys BPO Limited

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Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Statement of Cash Flows

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Cash flow from operating activities		
Profit for the year	552	567
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	74	62
Income tax expense	198	185
Profit on sale of fixed assets	–	–
Profit on sale of investments	–	(3)
Interest and dividend income	(195)	(167)
Effect of exchange rate changes on assets and liabilities	22	19
Allowance for credit loss on financial assets	–	(8)
Trade receivables and unbilled revenue	5	(20)
Loans and other financial assets and other assets	(13)	(20)
Trade payables	(3)	–
Other financial liabilities, other liabilities and provisions	(38)	53
Cash generated from operations	602	668
Income taxes paid	(198)	(184)
Net cash generated by operating activities	404	484
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(92)	(86)
Interest and dividend received on investments	200	115
Payment to acquire financial assets		
Non-convertible debentures	(276)	–
Pre-acquisition interest on non-convertible debentures	(22)	–
Investment in subsidiary	(7)	–
Investment in other government bonds	(5)	(1)
Investment in certificates of deposit	(270)	–
Investment in fixed maturity plan	(50)	–
Investment in liquid mutual fund units	(2,872)	(889)
Proceeds on sale of financial assets		
Redemption of liquid mutual fund units	2,892	999
Net cash (used in) / generated from investing activities	(502)	138
Effect of exchange rate changes on cash and cash equivalents	(27)	(16)
Net increase / (decrease) in cash and cash equivalents	(98)	622
Cash and cash equivalents at the beginning	2,186	1,580
Cash and cash equivalents at the end	2,061	2,186
Supplementary information		
Restricted cash balance	–	–

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's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

for and on behalf of the Board of Directors of Infosys BPO Limited

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Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Notes to the standalone financial statements

1. Company Overview and Significant Accounting Policies

1.1 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.

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India.

The standalone financial statements ('Financial Statements') are approved for issue by the Company's Board of Directors on April 10, 2017.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments and gratuity benefits, which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally-accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2.

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 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.4. 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.

1.4 Critical accounting estimates

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The Company's major tax jurisdiction is India even though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.16 and Note 2.22.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

1.5 Revenue recognition

The Company derives revenues primarily from business process management services and related services. Arrangements with customers for business process management 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, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract 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.

In arrangements for transition-related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering transition-related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the transition related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction, has been allocated to the delivered components for which specific fair values do not exist.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives amount to each of the underlying revenue transaction that results 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 value-added taxes in its Statement of Profit and Loss.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Building	22-25 years
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. 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. Amortization methods and useful lives are reviewed periodically including at each financial year end.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through Other Comprehensive Income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through Profit or Loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the financial statements.

b. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through Profit or Loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through Profit or Loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

(ii) Cash flow hedge

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If it expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

c. Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices 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 other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

1.10 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Statement of Profit and Loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generated unit ('CGU') to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in net profit in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in net profit in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

a. Post sales client support

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, and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. 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.

b. 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 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 recognizes any impairment loss on the assets associated with that contract.

1.12 Foreign currency

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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.

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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Earnings per equity share

Basic earnings per equity 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 equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity 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 equity 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.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.15 Employee benefits

1.15.1 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 Trusts 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 a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability / asset are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

1.15.2 Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the superannuation plan beyond the monthly contribution to the Infosys BPO Limited Employees' Superannuation Fund Trust, the corpus of which is invested with the Life Insurance Corporation of India.

1.15.3 Pension

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the pension plan beyond the monthly contributions.

1.15.4 Provident fund

Eligible employees of the Company are participants in defined contribution plan. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

1.15.5 Compensated absences

The Company has a policy on compensated absences, which are both accumulating and non-accumulating in nature. The expected cost of such absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain or loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

1.18 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.

2. Notes to the standalone financial statements for the year ended March 31, 2017

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys BPO Limited for the year ended March 31, 2017, have been prepared in accordance with Ind AS. This is the Company's first set of financial statements in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard with April 1, 2015, as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss is set out in Note 2.2.

2.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101.

1. Equity as at April 1, 2015 and March 31, 2016

2. Net profit for the year ended March 31, 2016

2.2.1 Reconciliation of equity as previously reported under IGAAP with IND AS

in ₹ crore

Particulars	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	223	–	223	241	–	241
Capital work-in-progress	7	–	7	16	–	16
Goodwill	19	–	19	19	–	19
Financial assets						
Investments *(Refer to Note A)*	594	(28)	566	590	(28)	562
Other financial assets	47	–	47	60	–	60
Deferred tax assets , net	41	–	41	41	–	41
Income tax assets , net	52	–	52	53	–	53
Other non-current assets	1	–	1	1	–	1
Total non-current assets	984	(28)	956	1,021	(28)	993
Current assets						
Financial assets						
Investments *(Refer to Note B)*	123	2	125	21	–	21
Trade receivables	462	–	462	490	–	490
Cash and cash equivalents	1,580	–	1,580	2,186	–	2,186
Loans	15	–	15	18	–	18
Other financial assets	133	–	133	186	–	186
Other current assets	39	–	39	43	–	43
Total current assets	2,352	2	2,354	2,944	–	2,944
Total assets	3,336	(26)	3,310	3,965	(28)	3,937
EQUITY AND LIABILITIES						
Equity						
Equity share capital	34	–	34	34	–	34
Other equity *(Refer to Note C)*	2,871	(26)	2,845	3,441	(28)	3,413

Particulars	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
Total equity	2,905	(26)	2,879	3,475	(28)	3,447
Non-current liabilities						
Financial liabilities						
Others financial liabilities	21	–	21	21	–	21
Total non-current liabilities	21	–	21	21	–	21
Current liabilities						
Financial liabilities						
Trade payables	20	–	20	10	–	10
Other financial liabilities	304	–	304	345	–	345
Other current liabilities	31	–	31	80	–	80
Provisions	54	–	54	33	–	33
Income tax liabilities , net	1	–	1	1	–	1
Total current liabilities	410	–	410	469	–	469
Total equity and liabilities	3,336	(26)	3,310	3,965	(28)	3,937

Explanations for reconciliation of equity as previously reported under IGAAP with IND AS

A. Non-current investments

Investments include discounted value of contingent consideration payable on acquisition of business under Ind AS as compared to undiscounted value of contingent consideration under IGAAP.

B. Current investments

Investment in equity instruments are carried at fair value through OCI under Ind AS compared to being carried at cost under IGAAP.

C. Other equity

Adjustments to retained earnings and other comprehensive income made in accordance with Ind AS, for the above mentioned line items.

2.2.2 Reconciliation of Statement of Profit and Loss as previously reported under IGAAP with IND AS

in ₹ crore

Particulars	For the year ended March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations	2,849	–	2,849
Other income, , net *(Refer to Note D)*	201	(2)	199
Total revenue	3,050	(2)	3,048
EXPENSES			
Employee benefit expenses *(Refer to Note E)*	1,648	1	1,649
Cost of technical sub-contractors and professional charges	179	–	179
Travel expenses	117	–	117
Rent	75	–	75
Depreciation and amortization expenses	62	–	62
Other expenses	214	–	214
Total expenses	2,295	1	2,296
Profit before tax	755	(3)	752
Tax expense			
Current tax	184	–	184
Deferred tax	1	–	1
Profit for the year	570	(3)	567
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax *(Refer to Note F)*	–	(1)	(1)
	–	(1)	(1)

Particulars	For the year ended March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS
Items that may be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale financial asset, net of tax	–	–	–
	–	–	–
Total other comprehensive income, net of tax	–	(1)	(1)
Total comprehensive income for the period	570	(4)	566

Explanations for Reconciliation of Statement of Profit and Loss as previously reported under IGAAP with Ind AS

D. Other income, net

Loss on sale of fixed maturity plan has been recognized to profit and loss which was taken to other comprehensive income before realization.

E. Employee benefit expenses

As per Ind AS 19, remeasurement of the net defined benefit liability / asset are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period. Accordingly, an Ind AS adjustment of ₹1 crore, net of taxes of ₹1 crore has been made to the previous GAAP numbers for the year ended March 2016.

F. Remeasurement of the net defined benefit liability / asset

Increase in ₹1 crore is on account of actuarial gains and losses arising from changes in the present value of the obligation, which is required to be recorded in the other comprehensive income.

Cash Flow Statement

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

2.3 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017 :

in ₹ crore

Particulars	Land-Leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	12	152	71	43	120	237	61	696
Additions	–	1	26	3	5	48	6	89
Deletions	–	–	(4)	–	(14)	(21)	(6)	(45)
Gross carrying value as of March 31, 2017	12	153	93	46	111	264	61	740
Accumulated depreciation as of April 1, 2016	1	50	54	22	109	166	53	455
Depreciation	–	6	12	8	5	37	6	74
Accumulated depreciation on deletions	–	–	(4)	–	(14)	(21)	(6)	(45)
Accumulated depreciation as of March 31, 2017	1	56	62	30	100	182	53	484
Carrying value as of March 31, 2017	11	97	31	16	11	82	8	256

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016 :

in ₹ crore

Particulars	Land-Leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2015	12	148	67	31	119	192	59	628
Additions	–	4	4	12	4	53	3	80
Deletions	–	–	–	–	(3)	(8)	(1)	(12)
Gross carrying value as of March 31, 2016	12	152	71	43	120	237	61	696
Accumulated depreciation as of April 1, 2015	1	45	44	16	105	145	49	405
For the year	–	5	10	6	7	29	5	62
Deduction / adjustments during the year	–	–	–	–	(3)	(8)	(1)	(12)
Accumulated depreciation as of March 31, 2016	1	50	54	22	109	166	53	455
Carrying value as of March 31, 2016	11	102	17	21	11	71	8	241
Carrying value as of April 1, 2015	11	103	23	15	14	47	10	223

Gross carrying value of leasehold land represents amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

The rental income from the leasing of certain assets to holding Company for the year ended March 31, 2017 is ₹8 crore (₹9 crore for year ended March 31, 2016).

2.4 Investments

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current investments			
Equity instruments of subsidiaries	569	562	562
Government bonds	–	–	4
Non-convertible debentures	297	–	–
Fixed maturity plans	50	–	–
	916	562	566
Current Investments			
Liquid mutual fund units	–	16	95
Fixed maturity plans	–	–	30
Government bonds	9	5	–
Certificate of deposits	270	–	–
	279	21	125
Total carrying value	1,195	583	691

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2017	2016
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys (Czech Republic) Limited s.r.o	3	3
Infosys Poland Sp. z o.o, 5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Infosys McCamish Systems LLC	289	289
Portland Group Pty Limited, 17,45,00,000 (17,45,00,000) equity share of AU $1 each, fully paid	211	211
Infosys BPO Americas LLC	7	–
Total	569	562
Quoted		
Investments carried at fair value through Other Comprehensive Income		
Non-convertible debentures *(Refer to Note 2.4.3)*	297	–
	297	–
Quoted		
Investments carried at fair value through Profit and Loss		
Fixed maturity plan *(Refer to Note 2.4.4)*	50	–
	50	–
Total Non-current investments	916	562
Current investments		
Unquoted investments- carried at fair value through Profit and Loss		
Liquid mutual fund units *(Refer to Note 2.4.1)*	–	16
	–	16
Quoted investments- carried at amortized cost		
Investments in government bonds *(Refer to Note 2.4.2)*	9	5
	9	5
Unquoted investments- carried at fair value through Other Comprehensive Income		
Certificate of deposits *(Refer to Note 2.4.5)*	270	–
	270	–
Total current investments	279	21
Total investments	1,195	583
Aggregate amount of quoted investments	356	5
Market value of quoted investments (including interest accrued thereon)	356	5
Aggregate amount of unquoted investments	839	578

Particulars	As at March 31,	
	2017	2016
Investment carried at cost	569	562
Investment carried at amortized cost	9	5
Investment carried at fair value through Other Comprehensive Income	567	–
Investment carried at fair value through Profit and Loss Account	50	16

2.4.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	As at March 31,			
	2017		2016	
	Units	Amount	Units	Amount
ICICI Liquid Plan Direct Daily Dividend	–	–	16,07,064	16
	–	–	16,07,064	16

2.4.2 Details of investments in government bonds

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face value PHP	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
Treasury Notes 1.625 PCT MAT DATE 25 Apr 2016	100	–	–	2,60,000	4
Treasury Notes PHY6972FWG18 MAT DATE 22 Feb 2017	100	–	–	10,000	–
Treasury Notes PIBL1215I091 MAT DATE 07 Sept 2016	100	–	–	50,000	1
Treasury Notes PHY6972FWQ99 MAT DATE 07 June 2017	100	3,40,000	4	–	–
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5	–	–
		7,40,000	9	3,20,000	5

2.4.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face value INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
8.6 Life Insurance Corporation Housing Finance Limited 22 July 2020	100	1,00,00,000	108	–	–
8.6 Life Insurance Corporation Housing Finance Limited 29 July 2020	100	35,00,000	38	–	–
8.5 Housing Development Finance Corporation Limited 31 August 2020	100	50,00,000	53	–	–
8.49 Housing Development Finance Corporation Limited 27 April 2020	100	45,00,000	49	–	–
8.658 IDFC Bank Limited 27 December 2018	100	40,00,000	49	–	–
		2,70,00,000	297	–	–

2.4.4 Details of investments in fixed maturity plan

The balances held in fixed maturity plan as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	NAV INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
ICICI FMP Series 80-1194 D Plan F Div	10	1,50,00,000	15	–	–
Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan	10	1,50,00,000	15	–	–
HDFC FMP 1155D Feb 2017-Direct Growth Series 37	10	1,00,00,000	10	–	–
Birla Sunlife Fixed Term Plan-Series OD (1145 days)	10	1,00,00,000	10	–	–
		5,00,00,000	50	–	–

2.4.5 Details of investments in certificate of deposits

The balances held in certificate of deposits as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face Value INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
KOTAK MAHINDRA BANK LIMITED CD 23 FEB 18	1,00,000	11,500	109	–	–
AXIS BANK LIMITED CD 19 JAN 18	1,00,000	12,000	114	–	–
IDFC BANK LIMITED CD 07 MAR 18	1,00,000	5,000	47	–	–
		28,500	270	–	–

2.5 Loans

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Unsecured, considered good			
Loans and advances to employees	6	5	2
Less: Allowance for doubtful loans to employees	6	5	2
	–	–	–
Current			
Unsecured, considered good			
Loans and advances to employees	17	18	15
	17	18	15

2.6 Other financial assets

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non- current			
Security deposits (1)	2	2	–
Rental deposits (1)(3)	31	58	47
	33	60	47
Current			
Security deposits (1)	3	1	1
Rental deposits (1)	2	2	4
Restricted deposits (1)	75	67	59

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Unbilled revenues	42	45	42
Interest accrued but not due [(1)]	52	60	8
Foreign currency forward contracts [(2)]	16	7	6
Others [(1)(4)]	3	4	13
	193	186	133
[(1)] Financial assets carried at amortized cost	210	239	174
[(2)] Financial assets carried at fair value through Profit or Loss	16	7	6
[(3)] Includes dues from Holding Company *(Refer to Note 2.23)*	–	27	27
[(4)] Includes dues from Holding Company, subsidiaries and other group companies *(Refer to Note 2.23)*	2	3	12

* Restricted deposits represent deposit with financial institutions to settle employee related obligations as and when they arise during the normal course of business.

2.7 Trade receivables

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Unsecured			
Considered good[(1)]	491	490	462
Considered doubtful	8	5	7
	499	495	469
Less : Allowances for credit losses	8	5	7
	491	490	462
[(1)] Includes dues from subsidiaries, holding company and other group companies *(Refer to Note 2.23)*	37	43	10

2.8 Cash and cash equivalents

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Balances with banks			
In current and deposit accounts	1,311	1,856	1,453
Cash on hand	–	–	–
Others			
Deposits with financial institution	750	330	127
	2,061	2,186	1,580
Deposit with more than 12 months maturity	–	–	–

Cash and cash equivalents as of March 31, 2017 and March 31, 2016 include restricted cash and bank balances of less than a ₹ 1 crore, respectively. This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

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 ₹ crore

Particulars	As at March 31,	
	2017	2016
In current accounts		
Bank of America, California, USA	17	14
Bank of America, California-Trust account, USA*	–	–
Bank of Philippine Islands	–	–
Citibank, Manila	1	1
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	5	2
Citi Bank, Singapore	1	1
Citi Bank, Australia	–	2
Citi Bank, Bengaluru	–	–
Deutsche Bank, India	3	3
Deutsche Bank- EEFC (Euro account)	4	1
Deutsche Bank- EEFC (UK Pound Sterling account)	1	–
Deutsche Bank- EEFC (U.S. Dollar account)	3	1
Deutsche Bank, Netherland	–	2
Deutsche Bank, London, UK	1	–
Deutsche Bank, Philippines (PHP account)	1	1
Deutsche Bank, Philippines - (U.S. Dollar account)	4	1
ICICI Bank, India	5	3
ICICI Bank- EEFC (Euro account)	1	1
ICICI Bank- EEFC (UK Pound Sterling account)	1	–
ICICI Bank- EEFC (U.S. Dollar account)	1	1
Royal Bank of Canada	–	–
State Bank of India, India	1	1
	51	36

in ₹ crore

Particulars	As at March 31,	
	2017	2016
In deposit accounts		
Andhra Bank	–	100
Axis Bank	230	170
Bank of India	–	77
Central Bank of India	–	20
Canara Bank	–	169
Corporation Bank	–	100
HDFC Bank limited	120	150
ICICI Bank	282	271
IDBI Bank	–	150
Indian Overseas Bank	–	250
Kotak Mahindra Bank	35	45
Punjab National Bank	–	18
Syndicate Bank	–	16
South Indian Bank	250	23
Union Bank of India	–	133
Vijaya Bank	–	104
Yes Bank	143	24
IDFC Bank	200	–
	1,260	1,820
Deposits with financial institution		
HDFC Limited	750	330
	750	330
Total cash and cash equivalents as per Balance Sheet	2,061	2,186

* This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

Note: During the year, the Company did not hold any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, Hence the denomination wise SBNs and other notes as per the notification is not mentioned. The cash balance shown in Balance Sheet less than ₹ 1 crore represents the cash in other foreign currency denominations.

2.9 Other assets

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Capital advances	1	–	–
Advances other than capital advance			
Prepaid gratuity	9	1	1
	10	1	1
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	15	14	11
Others			
Prepaid expenses	6	1	3
Deferred contract cost	4	–	–
Withholding and other tax receivables *	30	28	25
	55	43	39
Total other assets	65	44	40

* Withholding taxes primarily consists of input tax credits.

2.10 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents *(Refer to Note 2.8)*	2,061	–	–	–	–	2,061	2,061
Investments *(Refer to Note 2.4)*							
Non-convertible debentures	–	–	–	–	297	297	297
Government bonds	9	–	–	–	–	9	9
Fixed Maturity Plan	–	–	50	–	–	50	50
Certificate of Deposits	–	–	–	–	270	270	270
Trade receivables *(Refer to Note 2.7)*	491	–	–	–	–	491	491
Unbilled revenue *(Refer to Note 2.6)*	42	–	–	–	–	42	42
Loans *(Refer to Note 2.5)*	17	–	–	–	–	17	17
Other financial assets *(Refer to Note 2.6)*	168	–	16	–	–	184	184
Total	2,788	–	66	–	567	3,421	
Liabilities:							
Trade payables *(Refer to Note 2.13)*	7	–	–	–	–	7	7
Other financial liabilities *(Refer to Note (2.12)*	317	–	–	–	–	317	317
Total	324	–	–	–	–	324	

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents *(Refer to Note 2.8)*	2,186	–	–	–	–	2,186	2,186
Investments *(Refer to Note 2.4)*							
Government bonds	5	–	–	–	–	5	5
Liquid mutual fund units	–	–	16	–	–	16	16
Trade receivables *(Refer to Note 2.7)*	490	–	–	–	–	490	490
Unbilled revenue *(Refer to Note 2.6)*	45	–	–	–	–	45	45
Loans *(Refer to Note 2.5)*	18	–	–	–	–	18	18

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Other financial assets *(Refer to Note 2.6)*	194	–	7			201	201
Total	2,938	–	23	–	–	2,961	
Liabilities:							
Trade payables *(Refer to Note 2.13)*	10	–	–	–	–	10	10
Other financial liabilities *(Refer to Note 2.12)*	366	–	–	–	–	366	366
Total	376	–	–	–	–	376	

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents *(Refer to Note 2.8)*	1,580	–	–	–	–	1,580	1,580
Investments *(Refer to Note 2.4)*							
Government bonds	4	–	–	–	–	4	4
Liquid mutual fund units	–	–	95	–	–	95	95
Fixed Maturity Plans	–	–	30	–	–	30	30
Trade receivables *(Refer to Note 2.7)*	462	–	–	–	–	462	462
Unbilled revenue *(Refer to Note 2.6)*	42	–	–	–	–	42	42
Loans *(Refer to Note 2.5)*	15	–	–	–	–	15	15
Other financial assets *(Refer to Note 2.6)*	132	–	6			138	138
Total	2,235	–	131	–	–	2,366	
Liabilities:							
Trade payables *(Refer to Note 2.13)*	20	–	–	–	–	20	20
Other financial liabilities *(Refer to Note 2.12)*	325	–	–	–	–	325	325
Total	345	–	–	–	–	345	

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017 :

in ₹ crore

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in government bonds *(Refer to Note 2.4)*	9	9	–	–
Investment in non-convertible debentures *(Refer to Note 2.4)*	297	297	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	16	–	16	–
Investment in Fixed Maturity Plans *(Refer to Note 2.4)*	50	–	50	–
Investment in Certificate of Deposits *(Refer to Note 2.4)*	270	–	270	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016 :

in ₹ crore

Particulars	As of March 31, 2016	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4)*	16	16	–	–
Investments in government bonds *(Refer to Note 2.4)*	5	5	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	7	–	7	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015 :

in ₹ crore

Particulars	As of April 1, 2015	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4)*	95	95	–	–
Investments in Fixed Maturity Plans *(Refer to Note 2.4)*	30	–	30	–
Investments in government bonds *(Refer to Note 2.4)*	4	4	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	6	–	6	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The fair value of liquid mutual funds, government bonds and non-convertible debentures is based on quoted price. Derivative financial instruments, fixed maturity plans and certificate of deposits are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017 :

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	26	6	3	–	7	42
Trade receivables	327	37	58	24	5	451
Other financial assets (including loans)	46	7	5	9	8	75
Trade payables	(3)	–	–	–	–	(3)
Other financial liabilities	(47)	(19)	(3)	(4)	(25)	(98)
Net assets / (liabilities)	349	31	63	29	(5)	467

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016 :

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	17	4	–	2	6	29
Trade receivables	310	40	59	39	5	453
Other financial assets (including loans)	34	7	9	14	8	72
Trade payables	(2)	(1)	(2)	(4)	–	(9)
Other financial liabilities	(59)	(9)	(11)	(9)	(29)	(117)
Net assets / (liabilities)	300	41	55	42	(10)	428

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian Rupee and U.S. Dollar, has affected the Company's incremental operating margins by approximately 0.40% and 0.39%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts :

Particulars	As of March 31,			
	2017		2016	
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts				
In U.S. $	43	279	43	285
In Eur €	3	17	3	19
In U.K. £	5	42	5	50
In AU $	5	25	5	25
Total forwards		363		379

The foreign exchange forward contracts mature within twelve months. The following table analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

in ₹ crore

Particulars	As of March 31,	
	2017	2016
Not later than one month	88	110
Later than one month and not later than three months	159	129
Later than three months and not later than one year	116	140
	363	379

The Company offsets a financial asset and liability when it currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

in ₹ crore

Particulars	As of March 31,			
	2017		2016	
	Derivative financial		Derivative financial	
	Asset	Liability	Asset	Liability
Gross amount of recognized financial asset / liability	16	–	7	–
Amount set off	–	–	–	–
Net amount presented in Balance Sheet	16	–	7	–

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹491 crore and ₹490 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹42 crore and ₹45 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

In %

Particulars	For the year ended March 31,	
	2017	2016
Revenue from top customer	7%	8%
Revenue from top five customers	25%	26%

Credit risk exposure

The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹2 crore. The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹8 crore respectively.

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Balance at the beginning	5	8
Provisions recognized / (reversed)	(2)	(8)
Write-offs	–	–
Translation differences	5	5
Balance at the end	8	5

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2017, the Company had a working capital of ₹2,648 crore including cash and cash equivalents of ₹2,061 crore and current investments of ₹279 crore. As of March 31, 2016, the Company had a working capital of ₹2,475 crore including cash and cash equivalents of ₹2,186 crore.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹63 crore and ₹59 crore, respectively, which have been substantially funded. Further, as of March 31, 2017 and March 31, 2016, the Company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	7	–	–	–	7
Client deposits	1	–	–	–	1
Other liabilities (excluding liability towards acquisition) *(Refer to Note 2.12)*	253	–	–	–	253

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	10	–	–	–	10
Client deposits	1	–	–	–	1
Other liabilities (excluding liability towards acquisition) *(Refer to Note 2.12)*	286	21	–	–	307

2.11 Equity

Share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized			
Equity shares, ₹ 10/- par value			
12,33,75,000 (12,33,75,000) equity shares	123	123	123
	123	123	123
Issued, Subscribed and paid-up			
Equity shares, ₹ 10/- par value [1]			
3,38,27,751 (3,38,27,751[2]) equity shares fully paid up			
(Of the above 3,38,22,319 equity shares are held by the holding Company, Infosys Limited)	34	34	34
	34	34	34

[1] Refer to Note 2.21 for details of basic and diluted shares.

[2] Represents number of shares as of March 31, 2016 .

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, 2017 and March 31, 2016 are set out as follows :

Name of the shareholder	As at March 31, 2017 Number of shares	2017 % held	2016 Number of shares	2016 % held
Infosys Limited, the holding Company	3,38,22,319	99.98	3,38,22,319	99.98

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out as follows :

Particulars	As at March 31, 2017 Number of shares	2017 Amount	2016 Number of shares	2016 Amount
Number of shares at the beginning of the year	3,38,27,751	34	3,38,27,751	34
Add : Shares issued during the year	–	–	–	–
Number of shares at the end of the year	3,38,27,751	34	3,38,27,751	34

2.12 OTHER FINANCIAL LIABILITIES

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Rental deposits received from holding Company [1]	–	21	21
	–	21	21
Current			
Others			
Accrued compensation to employees	109	141	132
Accrued expenses [2]	137	123	116
Retention monies	–	–	1
Compensated absences	63	59	50
Client deposits	1	1	1
Capital creditors	2	8	2
Other payables [3]	5	13	2
Foreign currency forward contracts	–	–	–
	317	345	304
	317	366	325
Financial liability carried at amortized cost	317	366	325
Financial liability carried at fair value through Profit and Loss	–	–	–
[1] Includes dues to holding Company *(Refer to Note 2.23)*	–	21	21
[2] Includes dues to holding Company *(Refer to Note 2.23)*	2	1	1
[3] Includes dues to holding, subsidiaries and other group Company *(Refer to Note 2.23)*	3	11	1

2.13 Trade payables

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Trade payables [1]	7	10	20
	7	10	20
[1] Includes dues to subsidiaries and other group companies *(Refer to Note 2.23)*	6	7	12

2.14 Other liabilities

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Unearned revenue	49	39	5
Others			
Withholding and other payables	39	41	26
	88	80	31

2.15 Provisions

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Others			
Post-sales client support and warranties and others	28	33	54
	28	33	54

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 ₹ crore

Particulars	For the year ended March 31, 2017
Balance at the beginning	33
Provision recognized / (reversed)	(5)
Provision created / (utilized)	1
Exchange difference	(1)
Balance at the end	28

Provision for post-sales client support and warranties and other provisions are expected to be utilized over a period of 6 months to 1 year.

2.16 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Current taxes	198	184
Deferred taxes	–	1
Income tax expense	198	185

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversal (net of additional provisions) is ₹ 3 crore and ₹ 2 crore, respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

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

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Profit before income taxes	750	752
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	259	261
Tax effect due to non-taxable income for Indian tax purposes	(56)	(75)
Overseas taxes	3	5
Tax reversals, overseas and domestic	(3)	(2)
Effect of deferred tax assets - reversal / (origination)	–	1
Effect of exempt non-operating income	(1)	(2)
Effect of non-deductible expenses	3	–
Others	(7)	(3)
Income tax expense	198	185

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

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 Limited operations are mainly conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). At present, income from STP units are taxable. Income from SEZs Unit is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Income tax assets	59	53	52
Current Income tax liabilities	(8)	(1)	(1)
Net income tax assets / (liability) at the end	51	52	51

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Net income tax asset / (liability) at the beginning	52	51
Translation differences	(3)	1
Income tax paid	198	184
Income tax expense	(198)	(184)
MAT credit utilization	–	–
Income tax on other comprehensive income	2	–
Net income tax asset / (liability) at the end	51	52

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹ crore

Particulars	As at March 31,		April 1,
	2017	2016	2015
Deferred income tax assets			
Property, plant and equipment	16	17	19
Trade receivables	6	5	6
Compensated absences	18	17	13
Others	1	2	3
Total deferred income tax assets	41	41	41

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 such assets and liabilities relate to income taxes levied by the same taxation authority.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income 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 income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2017 and March 31, 2016, is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Net deferred income tax asset at the beginning	41	42
Credits / (charge) relating to temporary differences	–	(1)
Net deferred income tax asset at the end	41	41

The credits relating to temporary differences during the year ended March 31, 2017 are primarily on account of compensated absences and others partially offset by reversal of credits pertaining to property, plant and equipment, trade receivable and others. The charge relating to temporary differences during the year ended March 31, 2016 are primarily on account of property, plant and equipment, trade receivable partially offset by compensated absences and others.

2.17 Other income, net

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Interest received on financial assets - carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	181	162
Interest received on financial assets - carried at fair value through Other Comprehensive Income		
Non-convertible debentures	6	–
Dividend on investment in mutual fund units	3	5
Gains on sale of investments	–	1
Gains on sale of mutual Funds	4	–
Profit on sale of fixed assets	1	–
Rental income from holding Company	8	9
Exchange gains / (losses) on foreign currency forward contracts	39	2
Exchange gains / (losses) on translation of other assets and liabilities	(22)	19
Miscellaneous income, net	1	1
	221	199

2.18 Expenses

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,634	1,562
Contribution to provident and other funds	75	72
Staff welfare	19	15
	1,728	1,649
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	115	136
Legal and professional	22	22
Recruitment and training	24	21
Auditors' remuneration		
Statutory audit fees	–	–
Reimbursement of expenses	–	–
	161	179

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Other expenses		
Consumables	4	6
Brand building and advertisement	2	6
Marketing expenses	4	4
Rates and taxes	5	2
Contribution to corporate social responsibility	15	14
Communication expenses	65	51
Power and fuel	29	26
Office expenses	78	64
Bank charges and commission	1	1
Postage and courier	–	1
Allowances for credit losses on financial assets	(2)	(8)
Provision for doubtful loans and advances	2	3
Professional membership and seminar participation fees	1	1
Cost of software for own use	21	33
Insurance charges	9	9
Other miscellaneous expenses	–	1
	234	214

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Lease rentals recognized during the period	88	75

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹ crore

Lease obligations payable	As at March 31,		April 1,
	2017	2016	2015
Not later than 1 year	68	56	44
Later than 1 year and not later than 5 years	149	120	103
Later than 5 years	29	20	6

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

2.20 Employee benefits

(a) Gratuity

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as of March 31, 2017 and March 31, 2016:

in ₹ crore

Particulars	As of	
	March 31, 2017	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	57	52
Service cost	9	8
Interest expense	4	4
Acquisitions (credit) / cost	(2)	–
Remeasurements - Actuarial (gains) / losses	6	–
Benefits paid	(8)	(7)
Benefit obligations at the end	66	57
Change in plan assets		
Fair value of plan assets at the beginning	58	53
Interest income	5	–
Acquisitions adjustment	(2)	–
Actuarial gain / (loss)	–	1
Expected return on plan assets	–	5
Return on plan assets greater / (lesser) than discount rate	1	–
Contributions	22	6
Benefits paid	(9)	(7)
Fair value of plan assets at the end	75	58
Funded status	9	1
Prepaid gratuity benefit	9	1

Following is the amount for the year ended March 31, 2017, and March 31, 2016 recognized in the Statement of Profit and Loss as employee benefit expenses:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Service cost	9	8
Net interest on the net defined benefit liability / asset	(1)	2
Net gratuity cost	8	10

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Other Comprehensive Income:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	6	–
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(1)	(2)
	5	(2)

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	1	–
	1	–

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016, and April 1, 2015 are set out as follows:

Particulars	As of		
	March 31,		April 1,
	2017	2016	2015
Discount rate	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%	7.5%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are set out as follows:

Particulars	For the year ended March 31,	
	2017	2016
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%
Weighted average duration of defined benefit obligation	6.1 years	6.4 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 2 crore and ₹ 2 crore, respectively.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹ 1 crore and ₹ 1 crore, respectively.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the Infosys BPO Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹ 5 crore and ₹ 6 crore, respectively.

Maturity profile of defined benefit obligation :

in ₹ crore

Within 1 year	20
1-2 year	18
2-3 year	16
3-4 year	15
4-5 year	14
5-10 years	38

(b) Superannuation

The Company contributed ₹ 4 crore to the Superannuation Trust for the year ended March 31, 2017 (₹ 3 crore for year ended March 31, 2016).

(c) Provident fund

The Company contributed ₹ 63 crore towards Provident Fund for year ended March 31, 2017 (₹ 55 crore for the year ended March 31, 2016).

(d) Pension Fund

The Company contributed ₹ 5 crore to pension funds for year ended March 31, 2017 (₹ 9 crore for the year ended March 31, 2016).

2.21 Reconciliation of basic and diluted shares used in computing earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share :

Particulars	For the year ended March 31,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding	3,38,27,751	3,38,27,751
Effect of dilutive common equivalent shares	–	–
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	3,38,27,751	3,38,27,751

2.22 Contingent liabilities and commitments (to the extent not provided for)

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Contingent liabilities			
Bank guarantees	21	21	17
Claims against the Company, not acknowledged as debts[1]	95	96	119
[Net of amount paid to statutory authorities ₹ 23 crore (₹ 23 crore)]			
Commitments			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	29	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 ₹ 19 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) Bengaluru. The matter for fiscal 2008, fiscal 2009 and fiscal 2011 are pending before the Commissioner of Income tax (Appeals) Bengaluru. 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.

2.23 Related party transactions

Name of subsidiaries	Country	Holding as at March 31, 2017	Holding as at March 31, 2016	Holding as at April 1, 2015
Related parties				
Holding				
Infosys Limited	India	Holding Company	Holding Company	Holding Company
Subsidiaries				
Infosys (Czech Republic) Limited s.r.o (formerly Infosys BPO s. r. o) (1)	Czech Republic	100%	100%	100%
Infosys Poland Sp. Z.o.o *(formerly Infosys BPO (Poland) Sp. Z.o.o)*(1)	Poland	100%	100%	100%
Infosys BPO S.DE R.L. de.C.V (1)(17)	Mexico	–	–	–
Infosys BPO Americas LLC.(1)(16)	U.S.	100%	100%	100%
Infosys McCamish Systems LLC (1)	U.S.	100%	100%	100%
Portland Group Pty Ltd(1)	Australia	100%	100%	100%
Fellow subsidiaries				
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.			
Portland Procurement Services Pty Ltd(5)	Australia			
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 (6)(18)	Switzerland			
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland			
Infosys Consulting (Belgium) NV (formerly 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)* (21)	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.			
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (3)	The 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			

Name of subsidiaries	Country	Holding as at		
		March 31,		April 1,
		2017	2016	2015
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)(19)	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 subsidiary 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 to Note 2.5.3)*.
(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 *(Refer to Note 2.5.2)*.
(13) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. *(Refer to Note 2.5.2)*.
(14) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah *(Refer to Note 2.5.1)*.
(15) Wholly-owned subsidiary of Noah.
(16) Incorporated effective November 20, 2015.
(17) Liquidated effective March 15, 2016.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.
(21) Wholly-owned subsidiary of Infosys

List of other related parties

Particulars	Country	Nature of relationship
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPO
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPO

Refer to Notes 2.20 for information on transactions with post-employment benefit plans mentioned above.

Name of the related party	Designation
Anup Uppadhayay(1)	Managing Director and Chief Executive Officer
Anantharaman Radhakrishnan (2)	Managing Director and Chief Executive Officer
Rajiv Bansal(3)	Director
Prof. Jayanth R.Varma	Independent Director
Dr. Omkar Goswami	Independent Director
UB Pravin Rao	Chairman and Director
Roopa Kudva (7)	Independent Director
Deepak Bhalla (4)	Chief Financial Officer
Ravikumar Singisetti (5)	Director
A.G.S. Manikantha	Company Secretary

Name of the related party	Designation
Nishit Ajitkumar Shah [6]	Chief Financial Officer
D.N. Prahlad [8]	Director
Sangita Singh [8]	Director

[1] Resigned as a Managing Director and Chief Executive Officer effective May 17, 2016

[2]Appointed as a Managing Director and Chief Executive Officer effective May 17, 2016

[3] Resigned as a Director effective April 16, 2015

[4] Resigned as a Chief Financial Officer effective July 18, 2016

[5] Appointed as a Director effective June 2, 2016

[6] Appointed as a Chief Financial Officer effective July 19, 2016

[7] Resigned as a Director effective November 11, 2016

[8] Appointed as a Director effective January 6, 2017

The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 and April 1, 2015 are as follows:

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Trade Receivables			
Infosys Limited	33	32	5
Infosys Poland Sp. z.o.o.	–	–	–
Edgeverve Systems Limited	–	1	–
Infosys McCamish Systems LLC	2	5	3
Portland Group Pty. Ltd.	1	–	–
Infosys Public Services Inc	1	5	2
Infosys Mexico	–	–	–
Infosys China	–	–	–
Lodstone UK	–	–	–
	37	43	10
Other financial assets			
Infosys Limited	2	2	11
Infosys (Czech Republic) Limited s.r.o	–	–	–
Infosys McCamish Systems LLC	–	1	1
Edgeverve Systems Limited	–	–	–
	2	3	12
Trade payables			
Infosys Limited	5	–	–
Infosys (Czech Republic) Limited s.r.o	–	–	–
Infosys Poland Sp. z o.o	–	–	3
Infy Consulting Company Limited	–	1	1
EdgeVerve Systems Limited	–	2	5
Infosys Mexico	–	–	1
Infosys McCamish Systems LLC	–	–	–
Portland Group Pty. Ltd.	1	4	2
	6	7	12
Other financial liabilities			
Infosys Limited	3	9	1
EdgeVerve Systems Limited	–	2	–
Infosys Mexico	–	–	–
	3	11	1

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Provision for expenses			
Infosys Limited	2	1	1
	2	1	1
Rental Deposit given for shared services			
Infosys Limited	–	27	27
Rental Deposit taken for shared services			
Infosys Limited	–	21	21

The details of the related parties transactions entered into by the Company for the year ended March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Revenue transactions:		
Purchase of services		
Infosys Limited	58	68
Portland Group Pty. Ltd.	4	12
Infosys McCamish Systems LLC	1	–
Lodestone Management Consultants (UK)	10	6
Lodestone Management Consultants Pty. Limited (Australia)	–	2
Infosys (Czech Republic) Limited s.r.o	–	1
EdgeVerve Systems Limited	3	3
Infosys Poland Sp. z o.o.	4	3
Infosys Technologies S. de R.L.de C.V.	–	1
	80	96
Purchase of shared services including facilities and personnel		
Infosys Limited	49	43
Infosys McCamish Systems LLC	–	–
	49	43
Sale of services		
Infosys Consulting AG	–	–
Infosys BPO S. de R.L. de C.V.	–	1
Infosys Public Services, Inc.	20	16
Infosys Poland Sp. z o.o.	2	–
Infosys Limited	390	340
EdgeVerve Systems Limited	4	(2)

Particulars	For the year ended March 31,	
	2017	2016
Lodestone Management Consultants (U.K.)	–	–
Infosys Mexico	1	–
Infosys China	–	–
Portland Group Pty. Ltd.	5	6
Infosys McCamish Systems LLC	37	53
Lodestone Switzerland	–	–
	459	414
Sale of shared services including facilities and personnel		
Infosys Limited	19	17
Infosys McCamish Systems LLC	1	12
Infosys Technologia do Brasil Ltda. ('Infosys Brazil')*	–	–
	20	29

The following table describes the compensation to key managerial personnel which comprise directors and executive officers:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers	5	4
Commission and other benefits to non-executive / independent directors	–	–
Total	5	4

2.24 Segment-reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented 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.

Business segments for the Company are primarily enterprises in :

- Financial Services and Insurance (FSI)
- Manufacturing (MFG)
- Energy and utilities, Communications and Services (ECS)
- Retail, Consumer packaged goods and Logistics (RCL)
- 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 comprising all other places except those mentioned above.

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 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 contracts 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.

Business segments

Year ended March 31, 2017 and March 31, 2016

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues	815	945	241	89	850	2,940
	817	915	237	107	773	2,849
Identifiable operating expenses	305	449	113	40	309	1,216
	308	437	100	46	272	1,163
Allocated expenses	310	359	93	35	324	1,121
	307	346	88	39	291	1,071
Segment profit	200	137	35	14	217	603
	202	132	49	22	210	615
Unallocable expenses						74
						62
Operating profit						529
						553
Other income, net						221
						199
Profit before income taxes						750
						752
Income tax expense						198
						185
Net profit						552
						567
Depreciation and amortization						74

Particulars	FSI	MFG	RCL	LSH	ECS	Total
						62
Non-cash expenses other than depreciation and amortization						–
						–

Geographic segments

For the years ended March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	North America	Europe	Rest of the World	Total
Revenues	1,675	732	533	2,940
	1,573	786	490	2,849
Identifiable operating expenses	643	372	201	1,216
	604	375	184	1,163
Allocated expenses	639	279	203	1,121
	592	295	184	1,071
Segment profit	393	81	129	603
	377	116	122	615
Unallocable expenses				74
				62
Operating profit				529
				553
Other income, net				221
				199
Profit before income taxes				750
				752
Income tax expense				198
				185
Net profit				552
				567
Depreciation and amortization				74
				62
Non-cash expenses other than depreciation and amortization				–
				–
Significant clients				
No client individually accounted for more than 10% of the revenues for the year ended March 31, 2017 and March 31, 2016.				

2.25 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee was 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.

a) Gross amount required to be spent by the Company during the year is ₹ 15 crore.

b) Amount spent during the year on:

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	15	–	15

2.26 Function wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Revenue from operations	2,940	2,849
Cost of sales	1,993	1,914
Gross Profit	947	935
Operating expenses		
Selling and marketing expenses	156	130
General and administration expenses	262	252
Total operating expenses	418	382
Operating profit	529	553
Other income	221	199
Profit before tax	750	752
Tax expense		
Current tax	198	184
Deferred tax	–	1
Profit for the period	552	567
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset, net of tax	(4)	(1)
	(4)	(1)
Items that will be reclassified to profit or loss		
Fair value changes on available-for-sale financial asset, net of tax	–	–
	–	–
Total other comprehensive income, net of tax	(4)	(1)
Total comprehensive income for the period	548	566

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

Bengaluru
April 10, 2017

for and on behalf of the Board of Directors of Infosys BPO Limited

U.B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

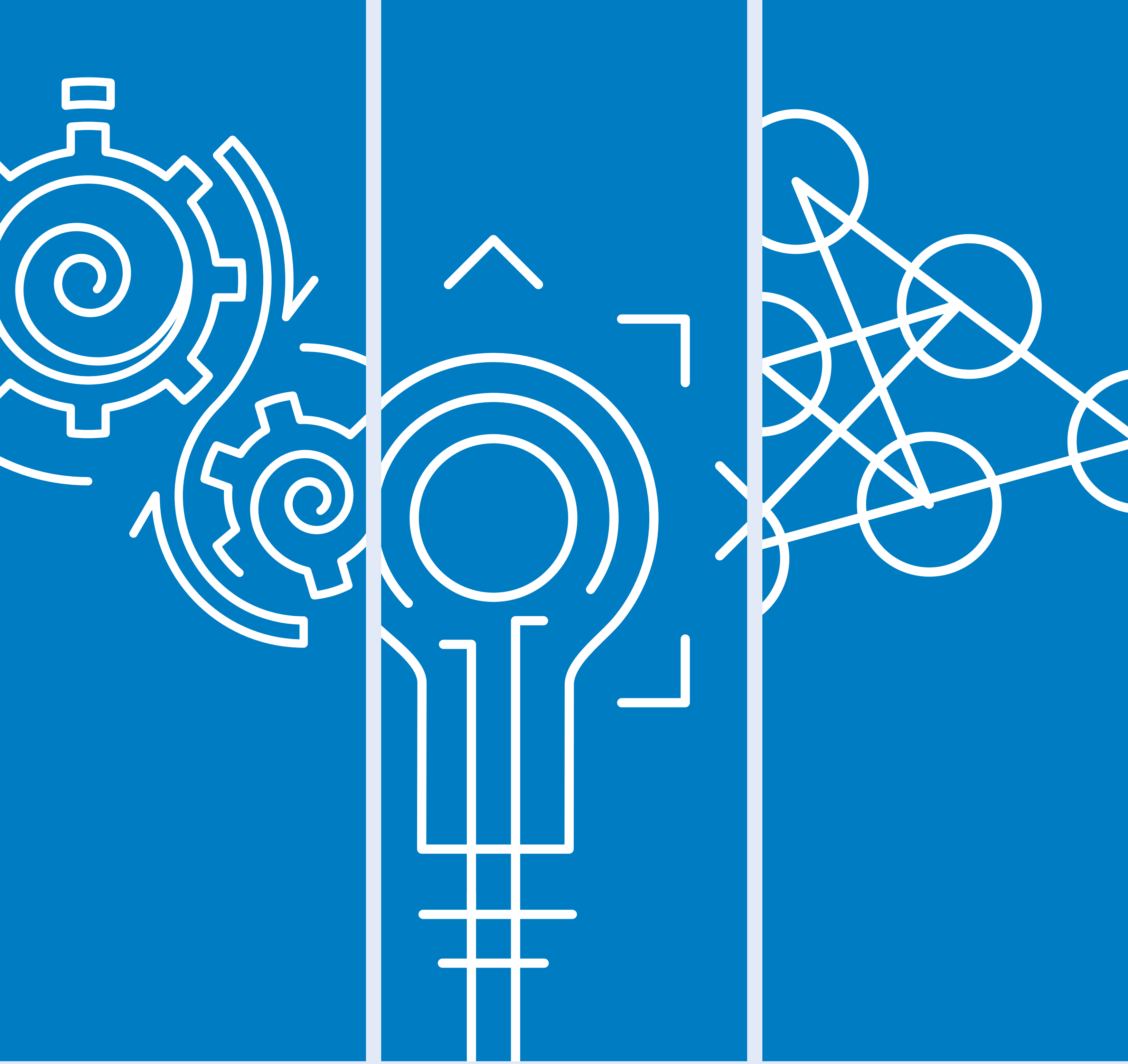
D.N. Prahlad
Director

Ravi Kumar Singisetti
Director

Sangita Singh
Director

Nishit Ajitkumar Shah
Chief Financial Officer

A.G.S. Manikantha
Company Secretary



EdgeVerve Systems Limited

Independent Auditors' Report

To the members of EdgeVerve Systems Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, 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, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view, and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

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

Opinion

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) 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, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, 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 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

g. with respect to the other matters to be included in the Auditors' 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 2017 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 to Note 2.14* to the Ind AS financial statements;

   iii. there has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. *Refer to Note 2.28* to the Ind AS financial statements.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
11 April, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which 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 to the Company.

(iii) The Company has not granted 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) During the year, the Company has not advanced 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 or 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 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 2017, 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 disputes

(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. Accordingly, 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 for 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. Accordingly, paragraph 3(xii) of the order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of 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 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

Bengaluru
11 April, 2017

Annexure - B to the 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 2017, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 the 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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

Bengaluru
11 April 2017

Balance Sheet

in ₹ lakh

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.2	5,345	3,924	885
Capital work-in-progress		10	6	–
Intangible assets financial assets		–	–	–
Investments	2.3	–	–	–
Loans	2.4	28	30	–
Other financial assets	2.5	1	1	1
Deferred tax assets, net	2.15	1,369	409	–
Other non-current assets	2.8	1,555	77	–
Income tax assets, net	2.15	10,557	9,885	909
Total non-current assets		18,865	14,332	1,795
Current assets				
Financial assets				
Investments	2.3	2,939	3,169	–
Trade receivables	2.6	12,818	35,161	443
Cash and cash equivalents	2.7	2,160	2,718	980
Loans	2.4	626	1,000	6
Other financial assets	2.5	27,343	27,918	5,387
Other current assets	2.8	7,939	4,874	840
Total current assets		53,825	74,840	7,656
Total assets		72,690	89,172	9,451
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.10	1,31,184	1,31,184	46,184
Other equity		(3,02,696)	(3,27,325)	(44,171)
Total equity		(1,71,512)	(1,96,141)	2,013
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.11	2,12,900	2,54,900	1,805
Deferred tax liabilities, net	2.15	–	–	–
Total non-current liabilities		2,12,900	2,54,900	1,805
Current liabilities				
Financial liabilities				
Trade payables	2.12	47	26	1,513
Other financial liabilities	2.11	21,433	21,920	3,028
Other current liabilities	2.13	9,819	7,905	1,092
Provisions	2.14	3	562	–
Total current liabilities		31,302	30,413	5,633
Total equity and liabilities		72,690	89,172	9,451

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
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017

Statement of Profit and Loss

in ₹ lakh, except equity share and per equity share data

Particulars	Note	For the year ended March 31,	
		2017	2016
Revenue from operations		2,35,141	1,53,296
Other income, net	216	1,443	586
Total income		2,36,584	1,53,882
EXPENSES			
Employee benefit expenses	2.17	92,053	68,850
Cost of technical sub-contractors		29,430	10,252
Travel expenses	2.17	13,021	7,547
Cost of software packages and others	2.17	17,695	16,058
Consultancy and professional charges		10,992	6,239
Depreciation and amortization expense	2.2	3,815	2,813
Finance cost		19,713	6,232
Other expenses		13,987	11,065
Total expenses		2,00,706	1,29,056
Profit before tax		35,878	24,826
Tax expense			
Current tax	2.15	11,796	3,735
Deferred tax	2.15	(466)	(409)
Net profit for the period		24,548	21,500
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		81	(1,099)
Equity instruments through other comprehensive income			
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of taxes		81	(1,099)
Total comprehensive income for the year		24,629	20,401
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic (₹)		1.87	1.64
Diluted (₹)		1.87	1.64
Weighted average equity shares used in computing earnings per equity share			
Basic		1,31,184	1,31,184
Diluted		1,31,184	1,31,184

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
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Retained earnings	Business transfer adjustment reserve	Debenture redemption reserve [1]	Other comprehensive income	
Balance as of April 1, 2015	46,184	(2,682)	(41,205)	–	(284)	2,013
Changes in equity for the period ended March 31, 2016						
Increase in share capital	85,000	–		–	–	85,000
Adjustments towards common control transactions	–	–	(3,03,555)	–		(3,03,555)
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	(1,099)	(1,099)
Net profit for the period	–	21,500	–	–	–	21,500
Balance as of March 31, 2016	1,31,184	18,818	(3,44,760)	–	(1,383)	(1,96,141)
Balance as of April 1, 2016	1,31,184	18,818	(3,44,760)	–	(1,383)	(1,96,141)
Changes in equity for the period ended March 31, 2017						
Net profit	–	24,548	–	–	81	24,629
Transfer to debenture redemption reserve	–	(24,548)	–	–	–	(24,548)
Transfer from retained earnings	–	–	–	24,548	–	24,548
Balance as of March 31, 2017	1,31,184	18,818	(3,44,760)	24,548	(1,302)	(1,71,512)

[1] The Company has created debenture redemption reserve required under Section 71 of Companies Act, 2013, from the profits made during the year ended March 31, 2017.

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
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017

Statement of Cash Flows

in ₹ lakh

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit for the period	24,548	21,500
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	3,815	2,813
Income tax expense	11,330	3,326
Allowance for credit losses on financial assets	103	–
Finance cost	19,713	6,232
Interest and dividend income	(562)	(258)
Exchange difference on translation of assets and liabilities	(215)	122
Changes in assets and liabilities		
Trade receivables and unbilled revenue	23,418	(55,553)
Loans, other financial assets and other assets	(5,122)	(5,807)
Trade payables	21	(1,487)
Other financial liabilities, other liabilities and provisions	949	61,513
Cash generated from operations	77,998	32,401
Income taxes paid	(12,962)	(12,711)
Net cash generated by operating activities	65,036	19,690
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(5,246)	(5,858)
Loans to employees	376	(1,024)
Payments to acquire financial assets		
Liquid mutual fund units	(1,63,333)	(42,256)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,63,563	39,087
Interest and dividend received on investments	544	258
Net cash used in investing activities	(4,096)	(9,793)
Cash flow from financing activities		
Debentures repaid to holding company	(42,000)	–
Loan repaid to holding company	–	(1,805)
Interest paid	(19,713)	(6,232)
Net cash used in financing activities	(61,713)	(8,037)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	215	(122)
Net decrease in cash and cash equivalents	(558)	1,738
Cash and cash equivalents at the beginning	2,718	980
Cash and cash equivalents at the end	2,160	2,718

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
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017

1 Company overview and significant accounting policies

1.1 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 1 August 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.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoptions was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1.

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 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. 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.

1.4 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.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases, the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client-training, support, and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the 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 or incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount or 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.

1.5 Provisions

A provision is recognized 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.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs, directly attributable to the acquisition are capitalized until property, plant and equipment are ready for use as intended by the Management. The Company depreciates property, 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
Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets, and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.7 Intangible assets

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 capitalized include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Derivative financial instruments

The Company holds derivative financial instruments, such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss, and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

c. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit or Loss.

b. Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.11 Retirement benefits to employees

a Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity plan') covering eligible employees. The Gratuity Plan provides a lumpsum 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 a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income, net of taxes. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

b Superannuation

Certain employees of the Company 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.

c 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 the 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.

d 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. Expenses on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.12 Foreign currency

Functional currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (rounded off to lakhs).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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.

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. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. Business combinations between entities under common control is accounted for using pooling of interests method. Accordingly, the assets and liabilities of the combining entities are accounted for at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor are recognized in a separate reserve.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized on net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.15 Earnings per equity share

Basic earnings per equity 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 equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. 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 equity 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 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 for the period 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 items 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 Borrowing costs

Borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

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

2 Notes to the financial statements for the year ended March 31, 2017

Transition to Ind AS reporting

These financial statements of EdgeVerve Systems Limited as at March 31, 2017, have been prepared for the first time in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with April 1, 2015, as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto, and accounting policies and principles. The accounting policies *(Refer to Note 1)* have been applied in preparing the financial statements and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss is set out in Note 2.1.1 and 2.1.2.

2.1 Reconciliations

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

1.Equity as at April 1, 2015 and March 31, 2016

2.Net profit for the year ended March 31, 2016

2.1.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

in ₹ lakh

Particulars	Note	As at					
		April 1, 2015			March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		885	–	885	3,924	–	3,924
Capital work-in-progress		–	–	–	6	–	6
Intangible assets	1.1	37,120	(37,120)	–	3,11,290	(3,11,290)	–
Financial assets							
Investments		–	–	–	–	–	–
Loans		–	–	–	30	–	30
Other financial assets		1	–	1	1	–	1
Deferred tax assets, net		–	–	–	409	–	409
Other non-current assets		–	–	–	77	–	77
Income tax assets, net		909	–	909	9,885	–	9,885
Total non-current assets		38,915	(37,120)	1,795	3,25,622	(3,11,290)	14,332
Current assets							
Financial assets							
Investments		–	–	–	3,169	–	3,169
Trade receivables		443	–	443	35,161	–	35,161
Cash and cash equivalents		980	–	980	2,718	–	2,718
Loans		6	–	6	1,000	–	1,000
Other financial assets		5,387	–	5,387	27,918	–	27,918
Other current assets		840	–	840	4,874	–	4,874
Total current assets		7,656	–	7,656	74,840	–	74,840
Total assets		46,571	(37,120)	9,451	4,00,462	(3,11,290)	89,172
EQUITY AND LIABILITIES							
Equity							
Equity share capital		46,184	–	46,184	1,31,184		1,31,184
Other equity	1.1	(7,051)	(37,120)	(44,171)	(16,035)	(3,11,290)	(3,27,325)
Total equity		39,133	(37,120)	2,013	1,15,149	(3,11,290)	(1,96,141)
Non-controlling interests	1.1						
Total equity		39,133	(37,120)	2,013	1,15,149	(3,11,290)	(1,96,141)
Non-current liabilities							
Financial liabilities							
Other financial liabilities		1,805	–	1,805	2,54,900	–	2,54,900
Deferred tax liabilities, net		–	–	–	–	–	–
Total non-current liabilities		1,805	–	1,805	2,54,900	–	2,54,900
Current liabilities							
Financial liabilities							
Trade payables		1,513		1,513	26		26
Other financial liabilities		3,028	–	3,028	21,920	–	21,920
Other current liabilities		1,092	–	1,092	7,905	–	7,905
Provisions		–	–	–	562	–	562
Income tax liabilities, net		–	–	–	–	–	–
Total current liabilities		5,633	–	5,633	30,413	–	30,413
Total liabilities and equity		46,571	(37,120)	9,451	4,00,462	(3,11,290)	89,172

1.1 Other equity

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. These combinations between entities under common control is accounted for using pooling of interests method. Accordingly, the assets and liabilities of the combining entities are accounted at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor has been recognized in a separate reserve, and the goodwill and intangibles recorded under the previous GAAP have been reversed.

For the above-mentioned items, adjustments to retained earnings and other comprehensive income have been made in accordance with Ind AS. In addition, as per Ind AS 19, actuarial gain and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognized in Other Comprehensive Income as compared to being recognized in the Statement of Profit and Loss under previous IGAAP. Accordingly an adjustment has been made to the previous GAAP numbers.

2.1.2 Reconciliation of Profit / loss as previously reported under IGAAP to Ind AS

in ₹ lakh, except per equity share data

Particulars	Note	For the year ended March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations		1,53,296	–	1,53,296
Other income		586	–	586
Total Income		1,53,882	–	1,53,882
Expenses				
Employee benefit expenses	1.1	70,222	(1,372)	68,850
Cost of technical sub-contractors		10,252	–	10,252
Travel expenses		7,547	–	7,547
Cost of software packages and others		16,058	–	16,058
Consultancy and professional charges		6,239	–	6,239
Depreciation and amortization expenses	1.2	32,197	(29,384)	2,813
Finance cost		6,232	–	6,232
Other expenses		11,065	–	11,065
Total expenses		1,59,812	(30,756)	1,29,056
Profit before tax and exceptional items		(5,930)	30,756	24,826
Tax expense				
Current tax		3,462	273	3,735
Deferred tax		(409)	–	(409)
Profit for the period		(8,983)	30,483	21,500
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of the net defined benefit liability / asset	1.1	–	(1,099)	(1,099)
		–	(1,099)	(1,099)
Items that may be reclassified subsequently to profit or loss				
		–	–	–
Total other comprehensive income, net of tax		–	(1,099)	(1,099)
Total comprehensive income, for the period		(8,983)	29,384	20,401

Explanations for reconciliation of profit / loss as previously reported under IGAAP to IND AS

1.1 Employee benefit expenses

As per Ind AS 19, actuarial gains and losses are recognized in Other Comprehensive Income, and not reclassified to profit and loss in the subsequent period.

1.2. Depreciation and amortization expenses

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business combinations. These combinations between entities under common control is accounted for using pooling of interests method. Accordingly the assets and liabilities of the combining entities are accounted at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor are recognized in a separate reserve and the amortization expense charged to Statement of Profit and Loss under the previous GAAP has been reversed.

2.1.3 Reconciliation of Cash Flow Statement as previously reported under IGAAP to Ind AS

There were no significant reconciliations for Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017 :

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	8	121	6,977	17	7,123
Additions	34	30	5,100	72	5,236
Deletions	–	–	2,340	–	2,340
Gross carrying value as of March 31, 2017	42	151	9,737	89	10,019
Accumulated depreciation as of April 1, 2016	2	6	3,190	1	3,199
Depreciation	7	34	3,752	22	3,815
Accumulated depreciation on deletions	–	–	2,340	–	2,340
Accumulated depreciation as of March 31, 2017	9	40	4,602	23	4,674
Carrying value as of March 31, 2017	33	111	5,135	66	5,345

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016 :

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2015	–	–	1,270	–	1,270
Additions	8	121	5,707	17	5,853
Deletions	–	–	–	–	–
Gross carrying value as of March 31, 2016	8	121	6,977	17	7,123
Accumulated depreciation as of April 1, 2015	–	–	386	–	386
For the period	2	6	2,804	1	2,813
Deduction / adjustments during the period	–	–	–	–	–
Accumulated depreciation as of March 31, 2016	2	6	3,190	1	3,199
Carrying value as of March 31, 2016	6	115	3,787	16	3,924

2.3 Investments

in ₹ lakh, except otherwise stated

Particulars	As at March 31,	
	2017	2016
Current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,939	3,169
Total investments	2,939	3,169
Market value of unquoted investments	2,939	3,169

Liquid mutual funds

The balances held in liquid mutual fund units are as follows :

in ₹ lakh, except otherwise stated

Particulars	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	–	–	2,07,383	3,169
Birla Sun Life Cash Plus - Direct Growth Plan	11,24,618	2,939	–	–
	11,24,618	2,939	2,07,383	3,169

The fair value of liquid mutual funds as of March 31, 2017 is ₹2,939 lakh and as of March 31, 2016 is lakh ₹3,169 lakh.

2.4 Loans

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Non-current		
Other loans		
Loans to employees	28	30
	28	30
Current		
Unsecured, considered doubtful		
Loans to employees	2	2
Less: Allowances for doubtful loans to employee	2	2
	–	–
Other loans		
Loans to employees	626	1,000
	626	1,000
Total loans	654	1,030

2.5 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Non-current		
Security deposits	1	1
Current		
Restricted deposits	3,227	1,719
Unbilled revenues (1)	23,970	25,148
Interest accrued but not due	26	8
Others	120	1,043
	27,343	27,918
(1) Includes dues from holding company / fellow subsidiaries *(Refer to Note 2.23)*	19	–
Financial assets carried at amortized cost	27,343	27,918

2.6 Trade receivables

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Unsecured		
Considered good(1)	12,818	35,161
Considered doubtful	103	–
	12,921	35,161
Less: Allowances for credit losses	103	–
	12,818	35,161
	12,818	35,161
(1) Includes dues from holding company / fellow subsidiaries *(Refer to Note 2.23)*	200	–

2.7 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Balances with banks		
In current and deposit accounts	2,160	2,718
	2,160	2,718
Deposit accounts with more than 12 months maturity	705	205
Balances with banks held as margin money deposits against guarantees	731	279

Cash and cash equivalents as of March 31, 2017 and March 31, 2016, include restricted cash and bank balances of ₹731 lakh and ₹279 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with banks and financial institutions 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 ₹ lakh

Particulars	As at March 31,	
	2017	2016
In current accounts		
ICICI Bank, India	161	47
ICICI Bank, EEFC (U.S. Dollar account)	186	36
State Bank of India	4	6
	351	89
In deposit accounts		
ICICI Bank	1,809	2,629
	1,809	2,629
Total cash and cash equivalents	2,160	2,718

2.8 Other assets

in ₹ lakh

Particulars	As at March 31, 2017	As at March 31, 2016
Non-current		
Capital advances	7	1
Prepaid expenses	111	3
	118	4
Advance other than capital advances		
Prepaid gratuity *(Refer to Note 2.19)*	1,437	73
	1,555	77
Current		
Advance other than capital advances		
Payment to vendors for supply of goods	2,779	3,661
Others		
Prepaid expenses	1,288	150
Withholding and other taxes receivable	3,872	1,063
	7,939	4,874

2.9 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

in ₹ lakh

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.7	2,160	–	–	–	–	2,160	2,160
Investments - liquid mutual funds	2.3	–	–	2,939	–	–	2,939	2,939
Trade receivables	2.6	12,818	–	–	–	–	12,818	12,818
Loans	2.4	654	–	–	–	–	654	654
Other financial assets	2.5	27,343	–		–	–	27,343	27,343
Total		42,975	–	2,939	–	–	45,914	45,914
Liabilities								
Trade payables	2.12	47	–	–	–	–	47	47
Non-convertible debentures [(1)]	2.11	2,12,900	–	–	–	–	2,12,900	2,12,900
Other liabilities								
Others	2.11	21,433	–	–	–	–	21,433	21,433
Total		2,34,380	–	–	–	–	2,34,380	2,34,380

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

in ₹ lakh

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.7	2,718	–	–	–	–	2,718	2,718
Investments - liquid mutual funds	2.3	–	–	3,169	–	–	3,169	3,169
Trade receivables	2.6	35,161	–	–	–	–	35,161	35,161
Loans	2.4	1,000	–	–	–	–	1,000	1,000
Other financial assets	2.5	27,918	–	–	–	–	27,918	27,918
Total		66,797	–	3,169	–	–	69,966	69,966
Liabilities								
Trade payables	2.12	26	–	–	–	–	26	26
Non-convertible debentures [1]	2.11	2,54,900	–	–	–	–	2,54,900	2,54,900
Other liabilities Others	2.11	21,920	–	–	–	–	21,920	21,920
Total		2,76,846	–	–	–	–	2,76,846	2,76,846

[1]The carrying value of the debentures approximates fair value as the instruments are at prevailing market rates.

Financial risk factors

Market risk

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

in ₹ lakh

Particulars	U.S. Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	Other currencies	Total
Cash and cash equivalents	186	–	–	–	–	186
Trade receivables	9,411	61	–	–	194	9,665
Other financial assets (including loans)	10,359	1,084	531	1,710	2,290	15,974
Other financial liabilities	(869)	(10)	(0)	2	(396)	(1,273)
Net assets / (liabilities)	19,086	1,135	531	1,713	2,087	24,552

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

in ₹ lakh

Particulars	U.S. Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	Other currencies	Total
Cash and cash equivalents	36	–	–	–	–	36
Trade receivables	14,700	442	582	1,218	1,739	18,681
Other financial assets (including loans)	10,634	611	556	1,640	2,127	15,568
Trade payables	(10)	–	–	–	–	(10)
Other financial liabilities	(995)	(193)	(26)	(2)	(191)	(1,407)
Net assets / (liabilities)	24,365	860	1,112	2,856	3,675	32,868

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,818 lakh and ₹35,161 lakh as of March 31, 2017 and March 31, 2016, respectively, and unbilled revenue amounting to ₹23,970 lakh and ₹25,148 lakh as of March 31, 2017 and March 31, 2016, respectively. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses a provision matrix to compute the expected credit losses on the customer balances based on internal and external factors.

The allowance for lifetime expected credit loss on customer balances for year ended March 31, 2017 and March 31, 2016 was 136 lakh and nil, respectively.

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Balance at the beginning	2	–
Provisions recognized / (reversed)	140	2
Write-offs	–	–
Translation differences	(6)	–
Balance at the end	136	2

Liquidity risk

As of March 31, 2017, the Company had a working capital of ₹22,523 lakh including liquid assets such as cash and cash equivalents of ₹2,160 lakh and current investments of ₹2,939 lakh. As of March 31, 2016, the Company had a working capital of ₹44,427 lakh including liquid assets such as cash and cash equivalents of ₹2,718 lakh and current investments of ₹3,169 lakh.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹2,822 lakh and ₹1,520 lakh, respectively, which have been substantially funded. Further, as of March 31, 2017 and March 31, 2016, the Company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The following table provides the details regarding the contractual maturities of significant financial liabilities as of March 31, 2017 :

in ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	47	–	–	–	47
Other liabilities excluding non-convertible debentures*	21,433	–	–	–	21,433
	21,480	–	–	–	21,480

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016 :

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	26	–	–	–	26
Other liabilities excluding non-convertible debentures*	21,920	–	–	–	21,920
	21,946	–	–	–	21,946

*The term of redemption of the debentures would be any date as may be decided mutually between the parties, but not exceeding 10 years.

The Company had no outstanding financial guarantees towards leased premises as on March 31, 2017 and March 31, 2016.

2.10 Equity

Share capital

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Authorized		
Equity shares, ₹10/- par value		
4,10,00,00,000 (4,10,00,00,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,31,18,40,000 (1,31,18,40,000) equity shares		
	1,31,184	1,31,184

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 currently.

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are as follows:

Name of the shareholder	As at March 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is as follows:

Particulars	As at March 31,			
	2017		2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Number of shares at the beginning of the year	1,31,18,40,000	13,11,84,00,000	46,18,40,000	4,61,84,00,000
Add: Shares issued	–	–	85,00,00,000	8,50,00,00,000
Number of shares at the end of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000

2.11 Other financial liabilities

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Non-current		
Non-convertible debentures *(1)	2,12,900	2,54,900
	2,12,900	2,54,900
Current		
Others		
Accrued compensation to employees	3,357	3,023
Compensated absences	2,822	1,520
Accrued expenses (2)	14,548	14,204
Other payables (3)	706	3,173
	21,433	21,920
Financial liability carried at amortized cost	2,34,333	2,76,820

*The interest rate for the debentures as of March 31, 2017 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.465%. 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 not exceeding 10 years.

(1) Includes dues to holding company or fellow subsidiaries *(Refer to Note 2.23)*	2,12,900	2,54,900
(2) Includes dues to holding company or fellow subsidiaries *(Refer to Note 2.23)*	4,524	2,031
(3) Includes dues to holding company or fellow subsidiaries *(Refer to Note 2.23)*	198	554

2.12 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Trade payables [1]	47	26
	47	26
[1] Includes dues to holding company / fellow subsidiaries *(Refer to Note 2.23)*	6	–

2.13 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Current		
Unearned revenue	7,724	4,557
Withholding and other taxes payable	2,095	3,348
	9,819	7,905

2.14 Provisions

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Others		
Post-sales client support and warranties and others	3	562
	3	562

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Current taxes	11,796	3,735
Deferred taxes	(466)	(409)
Income tax expense	11,330	3,326

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes provisions amounting to ₹4,136 lakh and nil, respectively, pertaining to previous periods.

During the year ended March 31, 2017, the Company created tax provision of ₹4,136 lakh for previous years for denying the benefit of Research and Development.

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

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Profit before income taxes	35,878	24,826
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	12,417	8,592
Tax effect due to non-taxable income for Indian tax purposes	(44)	(62)
Overseas taxes, net of FTC	494	–
Prior year taxes	4,136	–
Change in losses	–	(905)
Effect of exempt non-operating income	(134)	(54)
Effect of differential overseas tax rates	13	(203)
Effect of non-deductible expenses	20	12
Additional deduction on research and development expense	(5,627)	(4,128)
Others	55	74
Income tax expense	11,330	3,326

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017 and March 31, 2016:

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Income tax assets	25,721	13,348
Current income tax liabilities	15,164	3,463
Net current income tax assets / (liability) at the end	10,557	9,885

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Deferred income tax assets		
Trade receivables	49	–
Compensated absences	977	526
MAT credit entitlement	494	–
Others	153	41
Total deferred income tax assets	1,673	567
Deferred income tax liabilities		
Fixed assets	304	158
Total deferred income tax liabilities	304	158
Deferred income tax assets after set off	1,369	409
Deferred income tax liabilities after set off	–	–

MAT credit are being recognized if there is convincing evidence that the Company will pay normal tax and the resultant asset can be measured reliably. The Income tax paid under MAT provisions being over and above normal tax liability can be carried forward for a period of ten years from the year of recognition and is available for set off against future tax liabilities computed under normal tax provisions, to the extent of excess of MAT liability. A deferred income tax asset for MAT credit entitlement of ₹494 lacs and nil has been recognized on the Balance Sheet as of March 31, 2017 and March 31, 2016 respectively.

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.

2.16 Other income

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Interest received on financials assets - carried at amortized cost		
Deposits with banks and others	340	102
Dividend received on investments carried at fair value through profit and loss	222	156
Exchange gains / (losses) on translation of other assets and liabilities	714	355
Miscellaneous income, net	167	(27)
	1,443	586

2.17 Expenses

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	87,269	64,185
Contribution to provident and other funds	3,940	4,014
Staff welfare	844	651
	92,053	68,850
Travel expenses		
Overseas travel expenses	11,794	6,678
Travelling and conveyance	1,227	869
	13,021	7,547
Cost of software packages and others		
For own use	2,021	1,984
Third party items bought for service delivery to clients	15,674	14,074
	17,695	16,058

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Other expenses		
Repairs and maintenance	2,276	1,991
Brand and marketing	2,416	1,531
Communication expenses	835	373
Operating lease payments *(Refer to Note 2.18)*	5,055	3,648
Rates and taxes	222	320
Commisssion charge	2,738	2,190
Fuel and power	347	28
Consumables	129	135
Provision for post-sales client support and warranties	(560)	562
Commission to non-whole time directors	18	21
Allowances for credit losses on financials assets	140	2
Auditors' remuneration		
Statutory audit fees	36	34
Others	335	230
	13,987	11,065

2.18 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Lease rentals recognized during the period	5,055	3,648

in ₹ lakh

Lease obligations payable	As at March 31,	
	2017	2016
Within one year of the Balance Sheet date	656	675
Due in a period between one year and five years	210	959
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis. And most of the leases extend up to a maximum of ten years from their respective dates of inception and relate to rented premises - some of which have price-escalation clauses.

2.19 Employee benefits

Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as of March 31, 2017 and March 31, 2016:

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Change in benefit obligations		
Benefit obligations at the beginning	6,091	907
Service cost	869	373
Interest expense	460	229
Transfer of obligation	254	3,350
Remeasurements - actuarial (gains) / losses	(29)	1,377
Benefits paid	(587)	(143)
Benefit obligations at the end	7,058	6,091
Change in plan assets		
Fair value of plan assets at the beginning	6,165	259
Interest income	521	280
Transfer of assets	124	4,290
Remeasurements- Return on plan assets excluding amounts included in interest income	73	4
Contributions	2,200	1,475
Benefits paid	(588)	(143)
Fair value of plan assets at the end	8,495	6,165
Funded status	1,437	74
Prepaid gratuity benefit	1,437	73

Amount for the year ended March 31, 2017 and March 31, 2016, recognized in the Statement of Profit and Loss under employee benefit expenses is as follows:

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Service cost	869	373
Net interest on the net defined benefit liability / asset	(61)	(51)
Net gratuity cost	808	321

Amount for the year ended March 31, 2017 and March 31, 2016, recognized in Statement of Other Comprehensive Income is as follows:

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(29)	1,377
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(73)	(4)
	(102)	1,373

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	539	–
	539	–

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016 are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are as follows:

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Discount rate	6.9%	8.0%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	6.1 years	6.4 years

Gratuity is applicable only to employees drawing a salary in Indian Rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the EdgeVerve Systems Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹594 lakh and ₹284 lakh, respectively.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

The discount rate is based on the government securities yield.

Maturity profile of defined benefit obligation is as follows:

Within 1 year	563
1-2 year	647
2-3 year	680
3-4 year	770
4-5 year	927
5-10 years	5,527

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

2.20 Provident fund

The Company contributed ₹ 1,955 lakh during the year ended March 31, 2017 (₹1,208 lakh for the year ended March 31, 2016).

2.21 Superannuation

The Company contributed ₹693 lakh during the year ended March 31, 2017 (₹491 lakh for the year ended March 31, 2016).

2.22 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31,	
	2017	2016
Contingent liabilities		
Claims against the Company, not acknowledged as debts	–	–
Commitments		
Estimated amount of unexecuted capital contracts, net of advances and deposits	1,255	1,229

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's 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.

2.23 Related party transactions

Name of Holding company	Country	Holding as at March 31,	
		2017	2016
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. 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 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)(16)	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)(15)	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 (6)(17)	Switzerland
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (3)(19)	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)* (20)	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.
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (3)	The 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 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.(7)	Canada
Infosys Nova Holdings LLC. (Infosys Nova)(8)	U.S.
Panaya Inc. (Panaya) (9)	U.S.
Panaya Ltd.(10)	Israel
Panaya GmbH(10)	Germany
Panaya Pty Ltd(10)(18)	Australia
Panaya Japan Co. Ltd.(10)	Japan
Skava Systems Pvt. Ltd. (Skava Systems)(11)	India
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 subsidiary 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) Wholly-owned subsidiary of Infosys Public Services, Inc. incorporated, effective December 19, 2014.
(8) Incorporated effective January 23, 2015.
(9) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(10) Wholly-owned subsidiary of Panaya Inc.
(11) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems *(Refer to Note 2.5.2.)*.
(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. *(Refer to Note 2.5.2)*.
(13) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah *(Refer to Note 2.5.1)*.
(14) Wholly-owned subsidiary of Noah.
(15) Incorporated effective November 20, 2015.
(16) Liquidated effective March 15, 2016.
(17) Liquidated effective October 5, 2016.
(18) Liquidated effective November 16, 2016.
(19) Liquidated effective December 21, 2016.
(20) Wholly-owned subsidiary of Infosys

List of other related parties

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

Srinivasan Rajam	(appointed on July 8, 2014)
Sandeep Dadlani	(appointed on September 8, 2014)
Jonathan Heller	(appointed on June 10, 2015)
Arun Krishnan	(appointed on October 9, 2015)
Sanat Rao	(appointed on December 16, 2016)
Ritika Suri	(appointed on December 16, 2016)
Pervinder Johar	(appointed on March 3, 2017)
Sanjay Purohit	(resigned on September 30, 2016)
Roopa Kudva	(resigned on November 11, 2016)

Executive officers

Prem Pereira,	Chief Financial Officer
Sudhir Shridhar Gaonkar,	Company Secretary

The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Trade receivables		
Infosys Public Services	7	–
Infosys China	193	–
	200	–
Non-convertible debentures		
Infosys Limited	2,12,900	2,54,900
Trade payables		
Infosys Limited	(2)	3
Infosys BPO Limited	8	–
	6	3
Other financial payables		
Infosys BPO Limited	22	87
Infosys China	24	–
Panaya Ltd.	152	467
	198	554
Unbilled revenue		
Infosys Public Services	10	–
Infosys BPO Limited	9	–
	19	–
Accrued expenses		
Infosys Limited	4,524	2,031

Note : Excludes certain balances due to / from Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Capital transactions		
Financing transactions		
Debentures		
Infosys Limited	(42,000)	2,54,900
Loans received from parent		
Infosys Limited	–	9,450
Loans repayment to parent		
Infosys Limited	–	11,255
Revenue transactions		
Sale of services		

Particulars	For the year ended March 31,	
	2017	2016
Infosys Public Services	141	43
Infosys China	177	–
Infosys BPO Limited	120	548
	438	591
Purchase of shared services including facilities and personnel		
Infosys Limited	34,445	–
Infosys BPO Limited	251	35
Panaya Ltd.	1,288	–
	35,984	35
Interest expense		
Infosys Limited	19,713	671
Cash received under business transfer		
Infosys Limited	–	28,600

Note : Excludes certain transactions with Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

The following table describes the compensation to key managerial personnel which comprise directors and executive officers :

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers	221	130
Commission and other benefits to non-executive / independent directors	18	21
Total	239	151

2.24 Research and development (R&D) expenditure

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Expenditure at DSIR approved R&D centers (eligible for weighted deduction)		
Capital expenditure	–	–
Revenue expenditure	16,258	11,929
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	23,909	18,759
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	40,167	30,688

During the year ended March 31, 2017, the Company has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred.

2.25 Segment-reporting

The Company's business activity, falls within a single primary business segment, i.e. providing products, platforms and related services. Therefore, disclosures as required under IND AS 108, 'Segment-reporting', has not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.

2.26 Function wise classification of Statement of Profit and Loss

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Income from software products, platforms and services	2,35,141	1,53,296
Software development expenses	1,38,191	91,741
Gross profit / (loss)	96,950	61,555
Selling and marketiong expenses	19,935	15,263
General and administration expenses	22,867	15,820
Total operating expenses	42,802	31,083
Operating profit / (loss)	54,148	30,472
Finance cost	19,713	6,232
Profit / (loss) before interest and tax	34,435	24,240
Other income	1,443	586
Profit / (loss) before tax	35,878	24,826
Tax expense		
Current tax	11,796	3,735
Deferred tax	(466)	(409)
Profit / (loss) for the period	24,548	21,500
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	81	(1,099)
Remeasurement of the net defined benefit liability / asset		
Total other comprehensive income net of taxes	81	(1,099)
Total comprehensive income for the year	24,629	20,401

2.27 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. Net assets amounting to ₹ 9 crore were taken over and goodwill and intangibles of ₹ 412 crore had been recorded under previous GAAP. On adoption of Ind AS, the goodwill and intangibles have been reversed and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103, which requires common control transactions to be recorded at book values. The consideration has been settled through fully paid-up shares in EdgeVerve.

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 the Board may decide. 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 ₹ 3,222 crore and ₹ 177 crore, respectively, with effect from August 1, 2015.

Net assets amounting to ₹ 363 crore, (including working capital amounting to ₹ 337 crore) were taken over and goodwill and intangible assets of ₹ 3,036 crore had been recorded under previous GAAP. On adoption of Ind AS, the goodwill and intangible assets have been reversed and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103, which requires common control transactions to be recorded at book values. The consideration has been settled in the form of equity shares of ₹ 850 crore and debentures of ₹ 2,549 crore.

2.28 Specified Bank Notes (SBN) held and transacted is as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash-in-hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash-in-hand as on December 30, 2016	–	–	–

The Company did not have any cash balances on the specified dates. Further, no cash was transacted in the specified period.

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
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

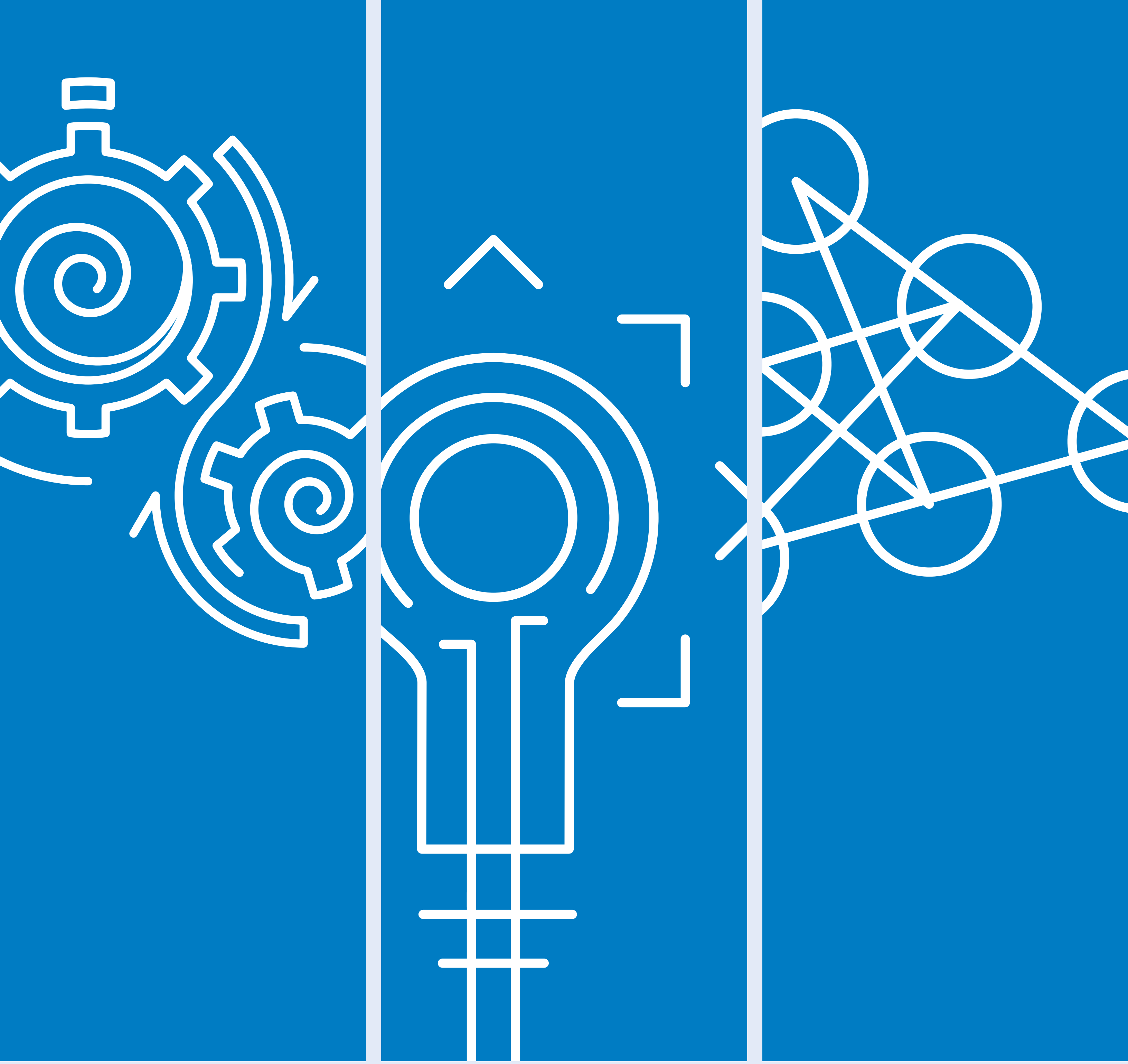
Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017



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 compr the Balance Sheets as of March 31, 2017 and 2016, and the related statements of income, comprehensive income, changes in stockholders' equity, and the 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 the 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, 2017 and 2016, 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

Bengaluru, India

May 15, 2017

Balance Sheet

in US $

Particulars	Note	As at March 31, 2017	As at March 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	2.1	39,981,209	16,575,523
Trade accounts receivables	2.2	21,158,978	38,622,845
Unbilled revenue		8,153,920	16,858,208
Prepayments and other current assets	2.3	476,921	1,441,690
Total current assets		69,771,028	73,498,266
Non-current assets			
Plant and equipment	2.4	137,771	218,658
Deferred tax assets	2.13	2,850,004	3,228,840
Income tax assets		3,058,014	775,876
Total non-current assets		6,045,789	4,223,374
Total assets		75,816,817	77,721,640
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable	2.5	9,764,690	23,894,678
Income taxes payable		–	953,171
Unearned revenue		1,311,021	2,088,546
Client deposit		–	558,668
Employee benefit obligation	2.6	845,813	1,133,774
Provisions	2.8	261,364	563,834
Other liabilities	2.7	3,918,934	7,570,521
Total current liabilities		16,101,821	36,763,192
Total liabilities		16,101,821	36,763,192
Stockholders' equity			
Common stock, US $ 0.50 par value, authorized : 40,000,000 shares; Issued and outstanding : 35,000,000 shares		17,500,000	17,500,000
Retained earnings		42,214,996	23,458,448
Total stockholders' equity		59,714,996	40,958,448
Total liabilities and stockholders' equity		75,816,817	77,721,640

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

Statement of Income

in US $

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenues		201,734,128	207,852,777
Cost of revenues	2.10	159,968,637	168,336,015
Gross profit		41,765,491	39,516,762
Expenses			
Selling and marketing expenses	2.10	2,479,306	6,110,355
Administrative expenses	2.10	5,130,092	6,057,766
Total operating expenses		7,609,398	12,168,121
Operating income		34,156,093	27,348,641
Other (expense) / income	2.11	(605,083)	280,771
Profit before income taxes		33,551,010	27,629,412
Income tax expense	2.13	14,794,462	10,890,226
Net profit for the year		18,756,548	16,739,186

Statements of Changes in Stockholders' Equity

in US $

Particulars	Common stock		Retained earnings	Total stockholders' equity
	Shares	Amount		
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 March 31, 2016		–	–	–
Net income		–	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, 2016	35,000,000	17,500,000	23,458,448	40,958,448
Changes in stockholders' equity for the year ended March 31, 2017		–	–	–
Net income		–	18,756,548	18,756,548
Balance as of March 31, 2017	35,000,000	17,500,000	42,214,996	59,714,996

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

Statement of Cash Flows

in US $

Particulars	Note	For the year ended March 31,	
		2017	2016
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income		33,551,010	27,629,412
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation		108,167	110,164
Provision for doubtful account receivables	2.10	559,934	146,589
Changes in working capital			
Trade accounts receivables		16,903,933	(6,440,487)
Unbilled revenues		8,704,289	3,554,495
Prepayments and other assets		964,769	174,847
Unearned revenues		(777,525)	(2,740,695)
Client deposits		(558,668)	558,668
Trade payables		(14,129,988)	(15,626,366)
Other liabilities and provisions		(4,242,018)	(5,550,259)
Cash provided by operating activities		41,083,902	1,816,368
Income taxes paid		(17,650,936)	(12,950,001)
NET CASH GENERATED BY / (USED IN) OPERATING ACTIVITIES		23,432,966	(11,133,633)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire plant and equipment		(29,008)	(132,227)
Proceeds from sale of plant and equipment		1,727	–
NET CASH USED IN INVESTING ACTIVITIES		(27,281)	(132,227)
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		23,405,686	(11,265,860)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2.1	16,575,523	27,841,383
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.1	39,981,209	16,575,523

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

Significant accounting policies

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 the 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 doubtful accounts, future obligations under employee benefit plans, the useful lives of plant and equipment and income tax valuation allowances. Actual results could differ from these 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.

1.4 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 on 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 the 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 Trade accounts receivables

Accounts receivable are recorded at the invoiced amount. The Company maintains an allowance for doubtful accounts to provide coverage for losses expected from client receivables. In establishing the required allowance, the 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 ageing 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, 2017, 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 the Management's opinion, as of March 31, 2017 and 2016, 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.

1.12 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 the 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 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 Balance Sheet, 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:

in US $

Particulars	As at March 31, 2017	As at March 31, 2016
Cash and bank balances	39,981,209	16,575,523
Total	39,981,209	16,575,523

The following table provides details of cash and cash equivalents:

in US $

Particulars	As at March 31, 2017	As at March 31, 2016
Current accounts		
Bank of America	28,068,098	8,592,911
Royal Bank of Canada	11,913,111	7,982,612
Total	39,981,209	16,575,523

2.2 Trade accounts receivables

Accounts receivable as at March 31, 2017 is US $ 21,158,978 (previous year - US $ 38,622,845), net of allowances recorded of US $ 648,252 (previous year - US $ 345,506). 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.

Trade accounts receivables consists of the following:

in US $

Particulars	As at March 31, 2017	As at March 31, 2016
Accounts receivables, gross*	21,807,230	38,968,351
Less: Allowance for doubtful debts	(648,252)	(345,506)
Total	21,158,978	38,622,845

*Includes dues from related parties *(Refer to Note 2.14)*.

2.3 Prepayments and other current assets

Prepayments and other current assets consist of the following:

in US $

Particulars	As at March 31, 2017	As at March 31, 2016
Loans and advances to employees	218,090	206,661
Prepaid expenses	55,198	889,402
Advance to vendors	86,520	682
Other current assets	117,113	344,945
Total	476,921	1,441,690

2.4 Plant and equipment

Plant and equipment consists of the following:

in US $

Particulars	As at March 31, 2017	As at March 31, 2016
Computer equipment	536,017	615,450
Plant and machinery	10,053	10,053
Office equipment	37,701	32,412
Furniture and fixtures	174,363	174,363
	758,134	832,278
Accumulated depreciation	(620,363)	(613,620)
Carrying value	137,771	218,658

The depreciation expense amounted to US $ 108,167 and US $ 110,163 for year ended March 31, 2017 and March 31, 2016, which has been included in cost of revenues.

2.5 Trade accounts payables

Trade accounts payables consists of the following:

in US $

Particulars	As at March 31,	
	2017	2016
Dues to related parties *(Refer to Note 2.13)*	9,675,296	23,841,690
Other accounts payables	89,394	52,988
Total	9,764,690	23,894,678

2.6 Employee benefit obligation

Employee benefit obligation consists of the following:

in US $

Particulars	As at March 31,	
	2017	2016
Provision for compensated absences	845,813	1,133,774
Total	845,813	1,133,774

2.7 Other liabilities

Other liabilities consists of the following:

in US $

Particulars	As at March 31,	
	2017	2016
Current		
Accrued expenses*	2,138,145	4,090,335
Retention money	88,483	88,483
Withholding taxes payable	326,263	731,241
Accrued compensation to staff **	1,284,033	2,041,130
Others	82,009	619,332
Total	3,918,934	7,570,521

*Accrued expenses primarily consists of cost of technical sub-contractors US $ 1,480,210 (previous year - US $ 2,625,677), legal and professional charges US $ 433,365 (previous year - US $ 1,050,525) and others US $ 224,568 (previous year -US $ 414,133).

**Accrued compensation to staff consists of salary payable US $ 319,850 (previous year - US $ 363,125) and bonus and incentives payable US $ 964,183 (previous year - US $ 1,678,005).

2.8 Provisions

Provisions consists the following:

in US $

Particulars	As at March 31,	
	2017	2016
Provision for post-sales customer support	261,364	563,834
Total	261,364	563,834

The movement in provision for post-sales client support is as follows:

in US $

Particulars	As at March 31,	
	2017	2016
Balance at the beginning	563,834	604,219
Provision	–	209,155
Provision utilized	–	–
Reversal	302,470	249,540
Balance at the end	261,364	563,834

2.9 Financial instruments

The carrying value of financial instruments is as follows:

in US $

Particulars	As at March 31,	
	2017	2016
Assets		
Cash and cash equivalents *(Refer to Note 2.1)*	39,981,209	16,575,523
Trade accounts receivables *(Refer to Note 2.2)*	21,158,978	38,622,845
Unbilled revenue	8,153,920	16,858,208
Loans to employees *(Refer to Note 2.3)*	218,090	206,661
Total	69,512,197	72,263,237
Liabilities		
Trade accounts payable *(Refer to Note 2.5)*	9,764,690	23,894,678
Client deposit	–	558,668
Employee benefit obligation *(Refer to Note 2.6)*	845,813	1,133,774
Accrued expenses *(Refer to Note 2.7)*	2,138,145	4,090,335
Retention money *(Refer to Note 2.7)*	88,483	88,483
Accrued compensation to staff *(Refer to Note 2.7)*	1,284,033	2,041,130
Other financial liabilities *(Refer to Note 2.7)*	82,009	619,332
Total	14,203,173	32,426,400

All the above financial instruments are carried at amortized cost and the carrying values approximate their fair value.

2.10 Operating expenses

Break-up of expenses by nature is as follows :

in US $

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit costs	21,745,640	25,197,843
Depreciation	108,167	110,163
Travelling costs	1,390,732	2,513,667
Consultancy and professional charges	930,534	1,825,806
Software packages for own use	815,957	1,546,312
Cost of technical sub-contractors	4,036,683	8,041,526
Cost of technical sub-contractors - related parties *(Refer to Note 2.13)*	137,328,090	139,454,132
Rates and taxes	155,760	74,696
Branding and marketing expenses	156,831	154,665
Provision / (reversal) for post-sales client support	(308,723)	(40,150)
Provision for doubtful account receivables	559,934	146,589
Rent	299,036	95,963
Commission to non-executive director *(Refer to Note 2.13)*	100,000	100,000
Others	259,394	1,282,924
Total	167,578,034	180,504,136

Cost of revenue

in US $

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit costs	16,954,959	16,896,524
Depreciation	108,167	110,163
Travelling costs	995,379	1,471,119
Software packages for own use	815,957	1,546,273
Cost of technical sub-contractors	4,036,683	8,041,526
Cost of technical sub-contractors - related parties *(Refer to Note 2.13)*	137,328,090	139,454,132
Provision for post-sales client support	(308,723)	(40,150)
Rent	9,234	–
Others	28,891	856,428
Total	159,968,637	168,336,015

Selling and marketing expenses

in US $

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit costs	1,970,502	5,001,537
Travelling costs	295,515	871,765
Consultancy and professional charges	28,274	45,770
Branding and marketing expenses	156,831	154,665
Rent	16,475	19,735
Others	11,709	16,883
Total	2,479,306	6,110,355

Administrative expenses

in US $

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit costs	2,820,179	3,299,782
Travelling costs	99,838	170,783
Consultancy and professional charges	902,260	1,780,036
Rates and taxes	155,760	74,696
Provision for doubtful account receivables	559,934	146,589
Rent	273,327	76,228
Commission to non-executive director *(Refer to Note 2.13)*	100,000	100,000
Others	218,794	409,652
Total	5,130,092	6,057,766

2.11 Other income

Other income / (expense) consists of the following:

in US $

Particulars	For the year ended March 31,	
	2017	2016
Exchange gains / (losses)	(605,083)	280,771
Total	(605,083)	280,771

2.12 Operating leases

Total rental expenses under operating leases was US $ 299,036 and US $ 95,963 during the year ended March 31 2017 and March 31, 2016, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is as follows:

in US $

Particulars	As at March 31,	
	2017	2016
Within one year of the Balance Sheet date	269,027	263,049
Due in a period between one year and five years	407,820	624,193
Due after five years	–	–

2.13 Income taxes

Income tax expense comprises:

in US $

Particulars	For the year ended March 31,	
	2017	2016
Current tax	14,415,625	11,272,760
Deferred tax	378,837	(382,534)
Income tax expense	14,794,462	10,890,226

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

in US $

Particulars	For the year ended March 31,	
	2017	2016
Profit before incomes taxes	33,551,010	27,629,412
Enacted tax rate	42%	40%
Computed expected tax expense	14,091,424	11,050,452
Temporary differences	(339,879)	(50,278)
Permanent differences - Effect of meals and entertainment	50,220	96,251
Overseas taxes	123,432	–
Effect of true up of previous year taxes	490,428	176,336
Income tax expense	14,415,625	11,272,760

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets are as follows:

Deferred tax assets

in US $

Particular	As at March 31,	
	2017	2016
Plant and equipment	1,088,706	1,122,886
Compensated absences	355,241	453,456
Accrued compensation	405,383	671,122
Provision for post-sales customer support	109,773	137,436
Accounts receivables	379,470	138,186
Others	511,431	705,754
Total deferred income tax assets	2,850,004	3,228,840

In assessing the realizability of deferred tax assets, the 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. The 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, the Management believes that it is more likely than not that the Company will realize the benefit of the deductible differences at March 31, 2017. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.14 Related party transactions

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)

Noah Consulting, LLC ('Noah' – fellow subsidiary)

Panaya Ltd. ('Panaya' - fellow subsidiary)

Lodestone Management Consultants Inc. ('Lodestone' - fellow subsidiary)

The details of amounts due to or due from are as follows:

in US $

Particulars	As at March 31,	
	2017	2016
Trade accounts receivables		
IL	418,351	353,489
	418,351	353,489
Trade accounts payables		
IL	9,444,936	23,074,544
IBPO	183,241	696,148
Noah	22,662	
EV	11,128	
IC	13,328	70,998
	9,675,295	23,841,690
Other receivables		
Panaya	11,807	–
Lodestone	–	1,241
IL	17,703	–
	29,510	1,241
Other payables		
EV	15,886	–
IL	47,289	233,649
	63,175	233,649

The details of the related party transactions entered into by the Company are as follows :

in US $

Particulars	For the year ended March 31,	
	2017	2016
Revenue transactions		
Sale of services		
IL	3,698,717	1,725,907
	3,698,717	1,725,907
Purchase of services		
IL	133,182,395	136,871,897
IBPO	3,045,840	2,481,036
EV	576,011	30,202
Noah	265,294	–
Panaya	23,613	–
IC	234,937	70,998
	137,328,090	139,454,132

The following table describes the compensation to key managerial personnel which comprise directors :

in US $

Particulars	For the year ended March 31,	
	2017	2016
Commission and other benefits to non-executive / independent directors	100,000	100,000
Total	100,000	100,000

2.15 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.

2.16 Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2017 up through May 15, 2017, 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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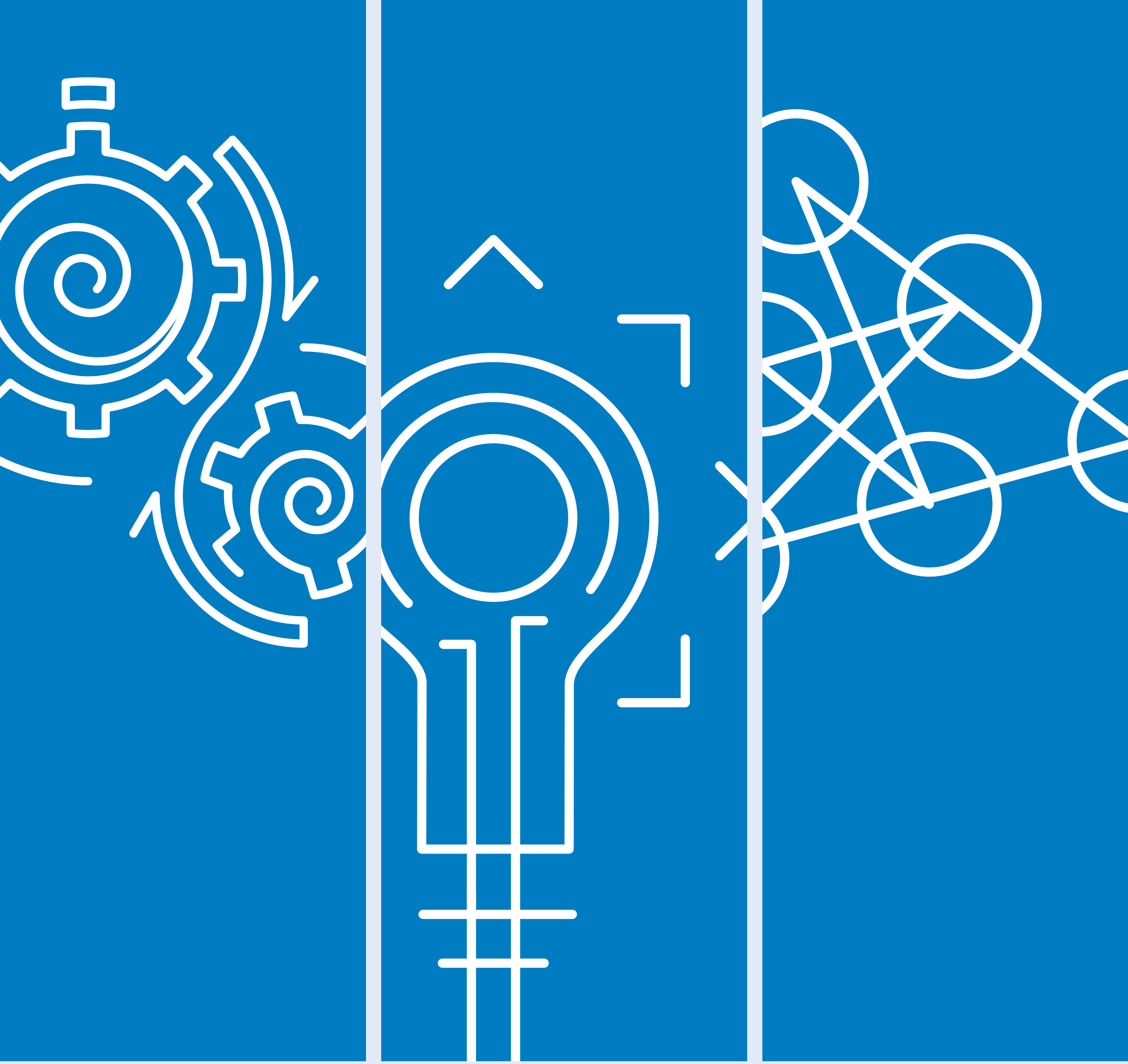


Infosys Technologies (China) Co. Limited

English translation of financial statements for the year January 1, 2016 to December 31, 2016

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. Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2016, 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' 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 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 the 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 December 31, 2016, 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

China Shanghai

Miao Zhen
31 March 2017

Balance Sheet

in Renminbi Yuan

Particulars	Note	As at December 31,	
		2016	2015
Assets			
Current assets			
Cash-at-bank and on-hand	5	59,009,387.84	57,655,291.69
Accounts receivable	6	370,482,593.73	257,401,242.99
Prepayments		340,299.83	1,285,954.87
Other receivables	7	22,174,136.36	20,403,898.82
Total current assets		452,006,417.76	336,746,388.37
Non-current assets			
Fixed assets	8	14,666,714.99	15,453,063.61
Long-term deferred expenses	9	1,578,695.82	1,059,331.03
Total non-current assets		16,245,410.81	16,512,394.64
Total assets		468,251,828.57	353,258,783.01
Liabilities and owner's equity			
Current liabilities			
Short-term loans	10	74,225,900.00	–
Accounts payable		52,355,005.41	37,264,342.35
Employee benefits payable		72,513,017.44	67,527,810.19
Taxes payable	4(3)	4,113,020.73	4,629,918.26
Interest payable		3,525,896.53	–
Other payables		49,640,726.93	43,998,144.00
Other current liabilities		82,895,068.80	76,202,237.55
Total current liabilities		339,268,635.84	229,622,452.35
Total liabilities		339,268,635.84	229,622,452.35
Owner's equity			
Paid in capital	11	295,636,400.00	229,980,400.00
Capital reserve	12	51,575,614.42	51,575,614.42
Accumulated losses		(218,228,821.69)	(157,919,683.76)
Total owner's equity		128,983,192.73	123,636,330.66
Total liabilities and owner's equity		468,251,828.57	353,258,783.01

These financial statements were approved by the Board of Directors of the Company on March 31, 2017.

Rangarajan Vellamore Rathangapani
Chief Executive Officer

Ge Jingwei
The person in charge of accounting affairs and the head of the accounting department

The accompanying notes form an integral part of these financial statements.

Income Statement

in Renminbi Yuan

Particulars	Note	For the year ended December 31,	
		2016	2015
Operating income	13	1,066,322,836.77	825,595,914.16
Less: Operating costs		(969,542,338.56)	(776,766,862.01)
Taxes and surcharges		(1,868,322.68)	(1,109,301.58)
Selling and distribution expenses		(31,986,332.62)	(37,224,949.42)
General and administrative expenses	14	(131,963,432.05)	(106,828,837.99)
(Financial expenses) / net financial income	15	(8,191,441.97)	1,511,000.30
Impairment reversal / (losses)	16	1,620,965.73	(6,296,850.17)
Operating loss		(75,608,065.38)	(101,119,886.71)
Add: Non-operating income	17	15,298,927.45	21,858,335.96
Loss before taxation		(60,309,137.93)	(79,261,550.75)
Less: Income tax expense	18	–	–
Net loss for the year		(60,309,137.93)	(79,261,550.75)
Other comprehensive loss, net of tax		–	–
Total comprehensive loss for the year		(60,309,137.93)	(79,261,550.75)

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

in Renminbi Yuan

Particular	For the year ended December 31,	
	2016	2015
Cash flows from operating activities		
Proceeds from rendering of services	991,520,305.89	787,200,843.55
Refund of taxes	3,060,324.36	3,200,777.26
Proceeds from other operating activities	9,732,279.08	18,657,558.70
Sub-total of cash inflows	1,004,312,909.33	809,059,179.51
Payment for services	(98,666,877.07)	(89,438,857.14)
Payment to and for employees	(927,897,031.85)	(717,796,623.07)
Payment of various taxes	(32,821,902.04)	(16,989,028.84)
Payment for other operating activities	(73,646,198.91)	(45,123,669.42)
Sub-total of cash outflows	(1,133,032,009.87)	(869,348,178.47)
Net cash outflow from operating activities *(Refer to Note 20(1))*	(128,719,100.54)	(60,288,998.96)
Cash flows from investing activities		
Payment for acquisition of fixed assets and other long-term deferred expenses	(9,808,703.31)	(7,206,857.37)
Sub-total of cash outflows	(9,808,703.31)	(7,206,857.37)
Net cash outflow from investing activities	(9,808,703.31)	(7,206,857.37)
Cash flows from financing activities		
Proceeds from investors	65,656,000.00	61,533,000.00
Proceeds from borrowings	74,225,900.00	–
Sub-total of cash inflows	139,881,900.00	61,533,000.00
Net cash inflow from financing activities	139,881,900.00	61,533,000.00
Net increase / (decrease) in cash and cash equivalents *(Refer to Note 20(2))*	1,354,096.15	(5,962,856.33)
Add : Cash and cash equivalents at the beginning of the year	57,655,291.69	63,618,148.02
Cash and cash equivalents at the end of the year *(Refer to Note 20(3))*	59,009,387.84	57,655,291.69

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Owner's Equity

in Renminbi Yuan

	For the year ended December 31, 2016			
	Paid-in capital	Capital reserve	Accumulated losses	Total
Balance at January 1, 2016	229,980,400.00	51,575,614.42	(157,919,683.76)	123,636,330.66
Changes in equity during the year				
1. Total comprehensive income	–	–	(60,309,137.93)	(60,309,137.93)
2. Owner's contributions	65,656,000.00	–	–	65,656,000.00
Sub-total of 1 to 2	65,656,000.00	–	(60,309,137.93)	5,346,862.07
Balance at December 31, 2016	295,636,400.00	51,575,614.42	(218,228,821.69)	128,983,192.73

in Renminbi Yuan

	For the year ended December 31, 2015			
	Paid-in capital	Capital reserve	Accumulated losses	Total
Balance at January 1, 2015	168,447,400.00	51,575,614.42	(78,658,133.01)	141,364,881.41
Changes in equity during the year				
1. Total comprehensive income	–	–	(79,261,550.75)	(79,261,550.75)
2. Owners' contributions	61,533,000.00	–	–	61,533,000.00
Sub-total of 1 to 2	61,533,000.00	–	(79,261,550.75)	(17,728,550.75)
Balance at December 31, 2015	229,980,400.00	51,575,614.42	(157,919,683.76)	123,636,330.66

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Company status

Infosys Technologies (China) Co. Limited ('the Company'), formerly known as Infosys Technologies (Shanghai) Company Limited, 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 September 25, 2003, and a business license (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on October 10, 2003, issued by Shanghai Administration of Industry and Commerce of the PRC. The original registered capital was US $5,000,000.

In 2006, the Company's Board of Directors resolved to change the Company's name from Infosys Technologies (Shanghai) Company Limited to Infosys Technologies (China) Co. Limited and increase the Company's registered capital by US $5,000,000. The registered capital was increased from US $5,000,000 to US $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 July 14, 2006 and December 14, 2006, respectively.

The Company's Board of Directors resolved to increase the Company's registered capital by US $13,000,000. The registered capital was increased from US $ 10,000,000 to US $ 23,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on January 15, 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 January 15, 2009 and March 13, 2009, respectively.

In 2015, the Company's Board of Directors resolved to increase the Company's registered capital by US $ 10,000,000. The registered capital was increased from US $ 23,000,000 to US $ 33,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on March 5, 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 March 5, 2015 and May 18, 2015, respectively.

In 2016, the Company's Board of Directors resolved to increase the Company's registered capital by US $ 25,000,000. The registered capital was increased from US $ 33,000,000 to US $ 58,000,000. The Company obtained approval from the China (Shanghai) Free Trade Zone Management Committee for the change on June 1, 2016. The Company also obtained a renewed business licence with the unified social credit code of 913101157547751363 on June 7, 2016.

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') issued by the Ministry of Finance ('MOF') of the People's Republic of China ('the PRC'). These financial statements present truly and completely the financial position of the Company as at December 31, 2016, 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 January 1, to December 31.

(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 recognized 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 *(Refer to Note 3(7)(b))*. Construction in progress is stated in the Balance Sheet at cost less impairment losses *(Refer to 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 recognized 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 derecognized. The costs of the day to day maintenance of fixed assets are recognized 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 recognized 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%
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 recognized 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 recognized as long-term deferred expenses. Long-term deferred expenses are stated in the Balance Sheet at cost less accumulated amortization and impairment losses *(Refer to Note 3(7)(b))*.

Long-term deferred expenses include leasehold improvement, which are amortized 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 recognized 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 amortized cost using the effective interest method.
- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortized 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 recognized amounts; and
- the Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognized 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 following two amounts is recognized in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer

The Company derecognizes 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 recognized 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 *(Refer to 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 recognized.

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 recognized 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 recognized 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 recognized, the previously recognized 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 amortized cost would have been had no impairment loss been recognized 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
- 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 *(Refer to 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 recognized 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 recognized accordingly. Impairment losses related to an asset group or a set of asset groups are to reduce the carrying amount of the other 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 recognized, 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 recognized 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 organizations. 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 recognized 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 recognized 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 recognized 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 realize 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 recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

As 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 utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

As 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 realize 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in profit or loss and no service revenue is recognized.

(b) Interest income

Interest income is recognized 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 recognized 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 the grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If it 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 recognized initially as deferred income and amortized 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 recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Company for expenses already incurred is recognized in profit or loss immediately.

(14) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized 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 capitalized 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 capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general purpose borrowings.

The capitalization period ranges from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which it is suspended. Capitalization 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. Capitalization 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 organization, the 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 same or 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 segment-reporting, and segment accounting policies are consistent with those for the financial statements.

(17) Significant accounting estimates and judgments

The preparation of financial statements requires the 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 recognized in the period in which the estimate is revised and in any future periods affected.

Except for: Note 3(3) that contains information about the accounting estimates relating to depreciation of fixed assets. Note 6, which is about the accounting estimates relating to impairment of accounts receivable.

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 recognized as advanced technology-based service company, of which oversea revenue is exempted from VAT.

(2) Income tax

The statutory income tax rate of the Company is 25%. The applicable income tax rate for the year is a preferential rate of 15% (in 2015: 15%). Pursuant to Pu Shui Jiu Suo [2011] 071 issued by Shanghai Pudong State Administration of Tax No. 9 Branch on December 27, 2011, the Company is entitled a preferential tax treatment for software company. According to the notice, the Company was exempted 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 December 31, 2016. Therefore, no income tax is provided.

(3) Taxes payable

in RMB

Particulars	As at December 31,	
	2016	2015
VAT payable	–	171,031.37
Withholding individual income tax	4,113,020.73	4,458,886.89
Total	4,113,020.73	4,629,918.26

5 Cash-at-bank and on-hand

in RMB

Particulars	As at December 31,	
	2016	2015
Deposits with banks	59,009,387.84	57,655,291.69

6 Accounts receivable

(1) Accounts receivable by customer type

in RMB

Particulars	As at December 31,	
	2016	2015
Amounts due from related parties	13,103,983.97	10,706,876.19
Amounts due from other customers	368,416,395.70	258,996,579.10
Sub-total	381,520,379.67	269,703,455.29
Less: Provision for bad and doubtful debts	(11,037,785.94)	(12,302,212.30)
Total	370,482,593.73	257,401,242.99

(2) The ageing analysis of accounts receivable is as follows:

in RMB

Particulars	As at December 31,	
	2016	2015
Within 1 year (inclusive)	377,137,242.82	266,363,675.79
Over 1 year but within 2 years (inclusive)	2,591,653.17	2,438,944.89
Over 2 years but within 3 years (inclusive)	1,791,483.68	106,772.15
Over 3 years	–	794,062.46
Sub-total	381,520,379.67	269,703,455.29
Less: Provision for bad and doubtful debts	(11,037,785.94)	(12,302,212.30)
Total	370,482,593.73	257,401,242.99

The ageing is counted starting from the date when accounts receivable are recognized.

(3) An analysis of the movements of provisions for bad and doubtful debts for the year is as follows:

in RMB

Particulars	As at December 31,	
	2016	2015
Balance at the beginning of the year	12,302,212.30	5,974,094.73
Additions during the year	–	6,296,850.17
Reversals during the year	(1,620,965.73)	–
Recover of the written-off bad debts during the year	356,539.37	–
Foreign exchange	–	31,267.40
Balance at the end of the year	11,037,785.94	12,302,212.30

7 Other receivables

(1) The ageing analysis of other receivables is as follows:

in RMB

Particulars	As at December 31,	
	2016	2015
Within 1 year (inclusive)	17,446,147.05	12,131,421.68
Over 1 year but within 2 years (inclusive)	212,624.60	774,229.00
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	4,515,364.71	7,498,248.14
Sub-total	22,174,136.36	20,403,898.82
Less: Provision for bad and doubtful debts	–	–
Total	22,174,136.36	20,403,898.82

The ageing is counted starting from the date when other receivables are recognized. Other receivables above 3 years are rental deposit.

8 Fixed assets

in RMB

Particulars	Computer equipment	Office equipment	Motor vehicles	Total
Cost				
Balance at January 1, 2015	88,597,206.24	57,167,791.29	248,000.00	146,012,997.53
Additions during the year	4,836,317.94	507,260.44	–	5,343,578.38
Transfers from construction in progress	37,608.00	105,155.36	–	142,763.36
Disposals during the year	(1,973,098.11)	(1,011,270.31)	–	(2,984,368.42)
Balance at December 31, 2015	91,498,034.07	56,768,936.78	248,000.00	148,514,970.85
Additions during the year	5,552,428.15	1,067,162.44	–	6,619,590.59
Disposals during the year	(269,359.83)	(10,569.65)	–	(279,929.48)
Balance at December 31, 2016	96,781,102.39	57,825,529.57	248,000.00	154,854,631.96
Less : Accumulated depreciation				
Balance at January 1, 2015	(80,048,944.85)	(45,152,941.20)	(74,400.00)	(125,276,286.05)
Charge for the year	(2,904,800.49)	(7,810,427.63)	(49,600.00)	(10,764,828.12)
Written-off on disposals	1,973,098.11	1,006,108.82	–	2,979,206.93
Balance at December 31, 2015	(80,980,647.23)	(51,957,260.01)	(124,000.00)	(133,061,907.24)
Charge for the year	(4,399,920.52)	(2,952,020.49)	(49,600.00)	(7,401,541.01)
Written-off on disposals	264,961.63	10,569.65	–	275,531.28
Balance at December 31, 2016	(85,115,606.12)	(54,898,710.85)	(173,600.00)	(140,187,916.97)
Carrying amounts				
At December 31, 2016	11,665,496.27	2,926,818.72	74,400.00	14,666,714.99
At December 31, 2015	10,517,386.84	4,811,676.77	124,000.00	15,453,063.61

9 Long-term deferred expenses

in RMB

Particulars	2016	2015
Leasehold improvement	1,578,695.82	1,059,331.03

10 Short-term loans

in RMB

Particulars	2016	2015
Unsecured loans	74,225,900.00	–

Short-term loans include a loan from Infosys Limited for the purposes of business operation. The principal loan is US $10,000,000.00 (equivalent to RMB 69,370,000.00), bearing interest per annum at 6% that is payable quarterly and with interest payable at the Balance Sheet date of RMB 3,525,896.53, which will be matured as at February 16, 2017. According to the renewal agreement entered between the Company and Infosys Limited in 2017, the maturity date of this short-term loan is extended to February 16, 2018. Another short-term loan is from Infosys Poland Sp. z o.o. for the purpose of business operation. The principal of the loan is US $700,000.00 (equivalent to RMB 4,855,900.00), bearing interest per annum at 6% that is payable quarterly and with interest payable at the Balance Sheet date of nil, and will be matured as at December 31, 2017.

11 Paid in capital

The Company's registered capital structure as at 31 December is as follows :

in US $

Particulars	2016		2015	
	Amount US $	%	Amount US $	%
Infosys Limited	58,000,000.00	100	33,000,000.00	100

The Company's paid in capital structure as at 31 December is as follows:

Particulars	2016			2015		
	Amount in original currency US $	Amount in RMB equivalent	%	Amount in original currency US $	Amount in RMB equivalent	%
Infosys Limited	43,000,000.00	295,636,400.00	100	33,000,000.00	229,980,400.00	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.

12 Capital reserve

Capital reserve represents accounts payable that was waived by Infosys Group of companies.

13 Operating income

in RMB

Particulars	2016	2015
Operating income from principal activities		
Rendering of services	1,066,322,836.77	825,595,914.16
Total	1,066,322,836.77	825,595,914.16

14 General and administrative expenses

in RMB

Particulars	2016	2015
Payroll expenses	47,047,203.39	38,413,574.31
Travel expenses	26,186,491.62	20,899,099.50
Others	58,729,737.04	47,516,164.18
Total	131,963,432.05	106,828,837.99

15 Financial expenses / (net financial income)

in RMB

Particulars	2016	2015
Interest expenses from loans	3,525,896.53	–
Interest income from deposits	(647,810.62)	(739,688.70)
Net exchange losses / (gains)	5,313,356.06	(771,311.60)
Total	8,191,441.97	(1,511,000.30)

16 Impairment (reversal) / losses

in RMB

Particulars	2016	2015
Accounts receivable	(1,620,965.73)	6,296,850.17

17 Non-operating income

in RMB

Particulars	2016	2015
Government grants *(Refer to Note 1)*	12,743,510.55	21,811,797.26
Others	2,555,416.90	46,538.70
Total	15,298,927.45	21,858,335.96

(1) Government grants

in RMB

Particulars	2016	2015
Business tax and surcharge refund	2,311,000.00	1,724,000.00
Subsidy on innovation projects	–	10,000,000.00
Government grant for training	6,148,200.00	5,718,720.00
Subsidy on import and export contract	1,890,000.00	2,892,300.00
Subsidy on job stabilization	1,644,986.19	–
Others	749,324.36	1,476,777.26
Total	12,743,510.55	21,811,797.26

18 Income tax expense

(1) Reconciliation between income tax expense and accounting loss

in RMB

Particulars	2016	2015
Losses before taxation	(60,309,137.93)	(79,261,550.75)
Expected income tax expense at tax rate of 15%	(9,046,370.69)	(11,889,232.62)
Tax effect of non-deductible expenses	157,360.99	354,456.95
Unused deductible loss	6,252,422.13	8,280,946.39
Temporary differences for deferred tax assets not recognized	2,636,587.57	3,253,829.28
Income tax expense	–	–

In accordance with the accounting policy *(Refer to Note 3(10))*, the Company has not recognized deferred tax assets in respect of cumulative tax losses and deductible temporary difference of RMB 186,101,743.88 (in 2015, RMB 148,533,874.43) as it is not probable that future taxable profits against which the losses and deductible temporary differences can be utilized 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.

19 Supplement to Income Statement

Following expenses are analyzed by their nature:

in RMB

Particular	2016	2015
Operating income	1,066,322,836.77	825,595,914.16
Less: Employee benefits expenses	(930,675,739.23)	(720,582,510.03)
Depreciation and amortization expenses	(8,639,583.33)	(11,477,605.24)
Rental payments	(44,225,578.12)	(40,691,983.80)
Financial (expense) / net financial income	(8,191,441.97)	1,511,000.30
Other expenses	(150,198,559.50)	(155,474,702.10)
Operating loss	(75,608,065.38)	(101,119,886.71)

20 Supplement to Cash Flow Statement

(1) Reconciliation of net loss to cash flows from operating activities

in RMB

Particular	2016	2015
Net loss	(60,309,137.93)	(79,261,550.75)
Add: (Reversal) / impairment provisions against bad debt	(1,620,965.73)	6,296,850.17
Depreciation of fixed assets	7,401,541.01	10,764,828.12
Amortization of long-term deferred expenses	1,238,042.32	712,777.12
Financial expenses	3,525,896.53	
Losses on disposal of fixed assets	4,398.20	5,161.49
Increase in operating receivables	(112,284,967.51)	(72,186,998.32)
Increase in operating payables	33,326,092.57	73,379,933.21
Net cash outflow from operating activities	(128,719,100.54)	(60,288,998.96)

(2) Change in cash and cash equivalents

in RMB

Particular	2016	2015
Cash and cash equivalents at the end of the year	59,009,387.84	57,655,291.69
Less: Cash and cash equivalents at the beginning of the year	(57,655,291.69)	(63,618,148.02)
Net increase / (decrease) in cash and cash equivalents	1,354,096.15	(5,962,856.33)

(3) Cash and cash equivalents held by the Company are as follows:

in RMB

Particular	2016	2015
(a) Cash-at-bank and on-hand		
Bank deposits available on demand	59,009,387.84	57,655,291.69
(b) Closing balance of cash and cash equivalents available on demand	59,009,387.84	57,655,291.69

21 Segment-reporting

The Company has an integrated structure of internal organization with a set of unified management performance indicators and one internal reporting system for the Company's operations in its entirety. The 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 did not present segment reporting data.

22 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 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.

(1) Credit risk

Credit risk is when a party to a financial instrument causes a financial loss for the other 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 the Management on an ongoing basis.

The cash-at-bank of the Company is mainly held with well known financial institutions. The 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 December 31, 2016, 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 when an enterprise encounters 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 December 31, the Company's exposure to currency risk arising from recognized 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.

Particulars	2016	
	JP ¥	US $
Cash-at-bank and on-hand	–	19,767,186.77
Accounts receivable	1,346,221.53	57,425,659.03
Short-term loans	–	(74,225,900.00)
Interest payable	–	(3,525,896.53)
Accounts payable	–	(37,845,015.07)
Net Balance Sheet exposure	1,346,221.53	(38,403,965.80)

Particulars	2015	
	JP ¥	US $
Cash-at-bank and on-hand	–	7,898,395.75
Accounts receivable	572,598.69	70,850,104.77
Accounts payable	–	(24,104,208.32)
Net Balance Sheet exposure	572,598.69	54,644,292.20

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Company:

Particulars	Average rate		Reporting date mid spot rate	
	2016	2015	2016	2015
JP ¥	0.0612	0.0514	0.0596	0.0539
US $	6.6423	6.2283	6.9370	6.4936

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the Japanese Yen and US Dollar as at December 31 would have increased (decreased) the Company's equity and net profit by the following amount, whose effect is in Renminbi and translated using the spot rate at the year end date:

in RMB

Particulars	Equity	Net profit / (loss)
As at December 31, 2016		
JP ¥	(64,105.79)	(64,105.79)
US $	1,828,760.28	1,828,760.28
Total	1,764,654.49	1,764,654.49
As at December 31, 2015		
JP ¥	(27,266.60)	(27,266.60)
US $	(2,602,109.15)	(2,602,109.15)
Total	(2,629,375.75)	(2,629,375.75)

A 5% weakening of the Renminbi against the Japanese Yen and US Dollar at December 31, 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 as at the Balance Sheet date. The analysis is performed on the same basis for the previous year.

23 Fair value

(1) Fair value measurement

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follow:

Level 1 inputs: Unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: Inputs other than those in Level 1 that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: Inputs that are unobservable for underlying assets or liabilities.

As at December 31, 2016 and December 31, 2015, 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 December 31, 2016 and 2015.

24 Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

The Company defines 'capital' as including all components of equity. The balance of related party transactions are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Infosys Limited Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the Board of Directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Company is not subject to externally imposed capital requirements.

25 Commitments

(1) Capital commitments

As at December 31, the capital commitments of the Company are summarized as follows:

in RMB

Item	2016	2015
Contracts for acquisition of fixed assets being or to be executed	4,648,149.84	3,583,433.87

(2) Operating lease commitments

in RMB

As at December 31, the total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

Particular	2016	2015
Within 1 year (inclusive)	20,102,550.85	50,020,618.34
After 1 year but within 2 years (inclusive)	20,129,158.45	27,514,832.98
After 2 years but within 3 years (inclusive)	21,490,151.01	17,587,147.50
After 3 years	17,868,932.03	36,996,175.10
Total	79,590,792.34	132,118,773.92

26 Related party relationships and transactions

(1) Information about the parent 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, Bengaluru, 560100, India	Provision of information technology services and solutions	Rupees 11.48 billion	100%	100%

(2) Transactions with key management personnel

in RMB

Particulars	2016	2015
Remuneration of key management personnel	12,062,203.00	9,529,555.00

(3) Transactions with related parties other than key management personnel

(a) Transaction amounts with related parties:

in RMB

Particulars	2016	2015
Rendering of services	123,239,140.27	123,109,723.79
Sub-contracting services	16,184,395.93	11,534,541.72
Borrowing loan	74,225,900.00	–
Interest expense	3,525,896.53	–

The above transactions with related parties were conducted under normal commercial terms or relevant agreements.

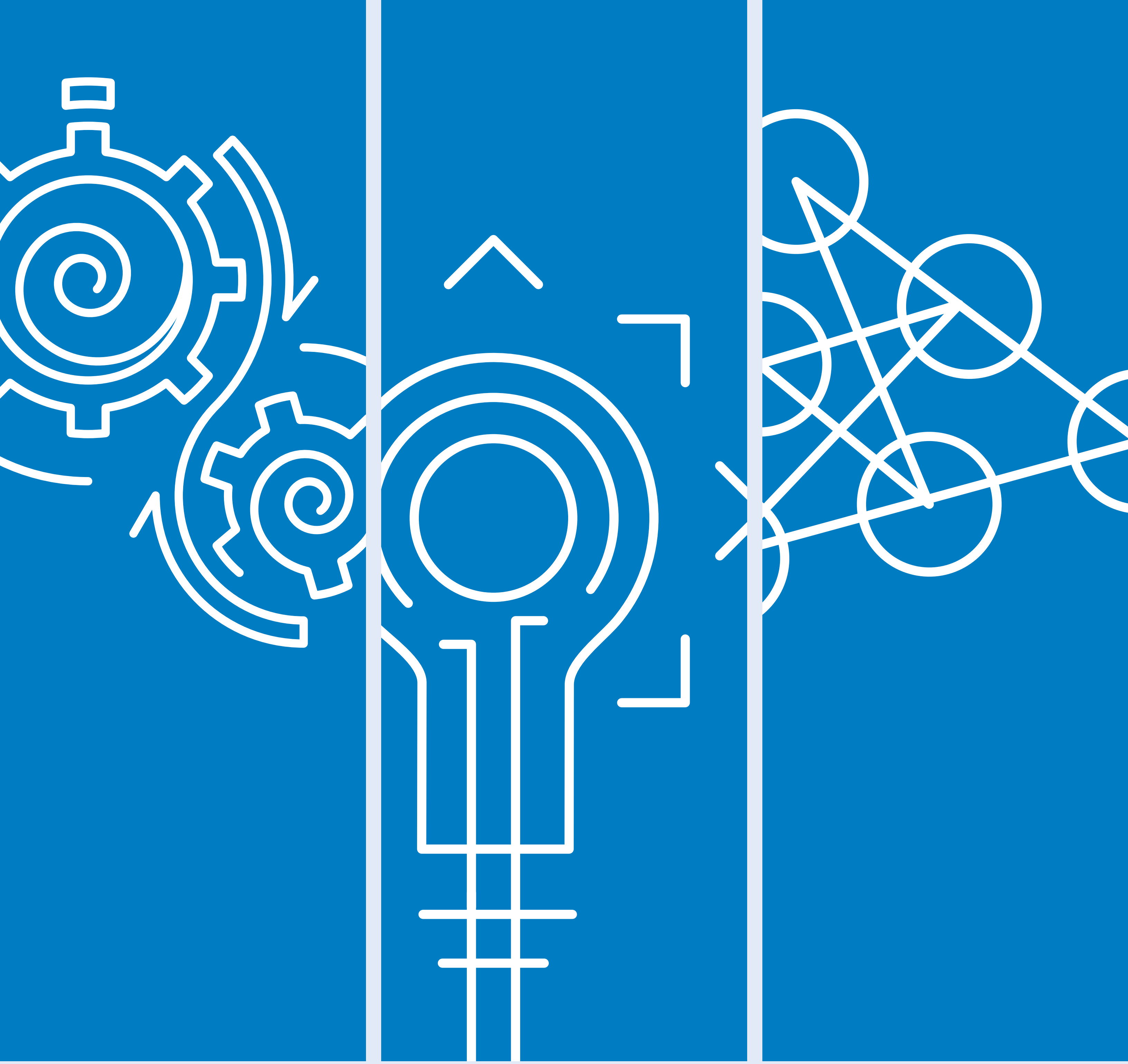
(b) The balances of transactions with related parties as at December 31 are as follows:

in RMB

Particulars	2016	2015
Accounts receivable	13,103,983.97	10,706,876.19
Accounts payable	44,130,907.02	26,442,702.40
Short-term loan	74,225,900.00	–
Interest payable	3,525,896.53	–

(c) Relationships with the related parties under the transactions stated in (3)(a) and (b) above

Name of the enterprise	Relationship with the Company
Infosys Limited.	Parent company
Infosys BPO Limited	Controlled by the same parent company
Infosys Consulting AG	Controlled by the same parent company
EdgeVerve Systems Limited	Controlled by the same parent company
Infosys Public Services lnc.	Controlled by the same parent company
Lodostone Management Consultants (China) Co. Ltd	Controlled by the same parent company
Infosys Technologies (Shanghai) Company Limited	Controlled by the same parent company



Infosys Consulting AG

Report of the Statutory Auditor to the General Meeting of Shareholders of Infosys Consulting AG, Kloten

As statutory auditors, we have audited the accompanying financial statements of Infosys Consulting AG, which comprise the Balance Sheet, Income Statement, and Notes for the year ended December 31, 2016.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and, maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the internal control system relevant to the entity's preparation 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended December 31, 2016 comply with the Swiss law and the Company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with the Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

We draw attention to the fact that, contrary to the requirements of article 699 paragraph 2 CO, the Annual General Meeting of shareholders did not take place within six months after reporting date of December 31, 2015.

Furthermore, we draw attention to the receivables from other group companies and loans to other group companies amounting to CHF 12,289,108 that, in our opinion, in the absence of freely available equity constitutes a repayment of share capital prohibited by article 680 paragraph 2 CO.

KPMG AG

Marc Ziegler *Licensed Audit Expert* *Auditor in Charge*	Stefan Schwitter *Licensed Audit Expert*

Zurich, March 31, 2017

Enclosures :
- Financial statements (Balance Sheet, Income Statement and Notes)
- Proposed appropriation of available earnings

Balance Sheet

in CHF

Particulars	As at December 31,	
	2016	2015
Assets		
Cash and cash equivalents	1,715,025.53	7,581,486.45
Receivables from third parties	12,985,745.59	18,412,130.87
Receivables from other group companies	10,893,861.27	15,085,374.18
Other short-term receivables	2,108,056.78	2,176,093.16
Prepaid expenses and accrued income	7,122,882.81	5,487,186.17
Total current assets	34,825,571.98	48,742,270.83
Loans to other group companies	1,395,246.58	832,328.77
Investments	65,118.06	165,118.06
Tangible assets	606,847.73	814,637.48
Intangible assets	0.00	0.00
Total non-current assets	2,067,212.37	1,812,084.31
TOTAL ASSETS	36,892,784.35	50,554,355.14
Liabilities and equity		
Accounts payable to third parties	1,323,084.96	2,690,946.81
Accounts payable to other group companies	373,360.69	1,742,281.92
Other short-term liabilities	2,360,858.31	7,375,225.43
Accrued expenses and deferred income	16,906,205.78	21,912,823.22
Total short-term liabilities	20,963,509.74	33,721,277.38
Loans from parent	7,870,121.29	5,029,609.06
Total long-term liabilities	7,870,121.29	5,029,609.06
Total liabilities	28,833,631.03	38,750,886.44
Share capital	120,000.00	120,000.00
Legal retained earnings	60,000.00	60,000.00
Retained earnings (brought forward)	8,023,468.70	1,745,061.04
Net profit for the year	(144,315.38)	9,878,407.66
Total equity	8,059,153.32	11,803,468.70
TOTAL LIABILITIES AND EQUITY	36,892,784.35	50,554,355.14

Income Statement

in CHF

Particulars	For the period	
	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
Consulting revenue	52,338,258.85	111,364,567.43
Other service revenue	46,297,302.88	34,917,602.71
Revenue discounts	(1,992,484.34)	(3,185,263.24)
Trade revenue, net	96,643,077.39	143,096,906.90
Total cost of services	(40,850,649.78)	(62,155,115.64)
Gross profit	55,792,427.61	80,941,791.26
Personnel expenses	(50,555,042.71)	(63,325,988.23)
Office rental fees	(950,621.38)	(919,421.53)
Maintenance, repair and IT expenses	(1,409,025.69)	(1,109,743.08)
Depreciation and amortisation	(559,289.94)	(1,196,765.20)
Administration and general expenses	(242,235.88)	(276,595.57)
Consulting (Accounting, tax, legal) expenses	(855,828.18)	(852,294.74)
Marketing expenses	(393,265.50)	(359,297.09)
Total operating expenses	(54,965,309.28)	(68,040,105.44)
Earnings before interest and taxes (EBIT)	827,118.33	12,901,685.82
Financial expenses	(886,000.92)	(708,653.93)
Financial income	146,738.09	816,560.85
Net financial result	(739,262.83)	107,906.92
Extraordinary expenses	(5,136.52)	(104,816.15)
Extraordinary income	311,092.11	7,813.48
Net extraordinary result	305,955.59	(97,002.67)
Expenses incurred in other periods	0.00	0.00
Earnings before tax (EBT)	393,811.09	12,912,590.07
Tax expenses	(538,126.47)	(3,034,182.41)
Net profit for the year	(144,315.38)	9,878,407.66

Notes to the financial statement

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

1. Principles

1.1 Accounting year

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

1.2 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

1.3 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value-added tax.

1.4 Tangible assets

Tangible assets are valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, tangible assets are depreciated using the straight-line method. As soon as there are indicators that book values might have been overstated, these are reviewed and, if necessary, adjusted.

1.5 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.

1.6 Foregoing a Cash Flow Statement and additional disclosures in the notes

As Infosys Ltd., the owner of Infosys Consulting Holding AG, has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a Cash Flow Statement in accordance with the law.

Notes to the financial statement

2. Information on Balance Sheet and Income Statement items

2.1 Investments

Particulars		2016	2015
Company : Lodestone Augmentis AG (liquidated 2016)			
Location : 4051 Basel, Switzerland			
Share capital	CHF	0.00	100,000.00
Directly held percentage of ownership and voting rights		0.00%	100.00%
Company : Infosys Consulting S.R.L.			
Location : Buenos Aires, Argentina			
Share capital	ARS	8,860,000.00	8,860,000.00
Directly held percentage of ownership and voting rights		6.21%	6.21%

2.2 Tangible assets

Particulars	2016	2015
Installations and equipment	132,905.07	317,221.35
Vehicles	473,942.66	497,416.13
TOTAL	606,847.73	814,637.48

2.3 Other short-term liabilities

Particulars	2016	2015
Liabilities due to third parties	2,360,858.31	7,375,225.43
Liabilities due to pension fund	0.00	0.00
Liabilities due to governing bodies (auditors)	0.00	0.00
TOTAL	2,360,858.31	7,375,225.43

2.4 Share capital

As at 31 December 2016, the share capital consists of 1,200 equity shares of CHF 100 at par value.

3. Other information

3.1 Full-time equivalents

The annual average number of fulltime equivalents was below 250 in the current reporting year but was above 250 in the previous reporting year.

3.2 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be cancelled within the next twelve months is as follows :

in CHF

Particulars	2016	2015
Up to 1 year	976,749.96	976,749.96
1–5 years	2,686,062.39	3,662,812.35
More than 5 years	0.00	0.00
TOTAL	3,662,812.35	4,639,562.31

These amounts include payments related to rental or leasing contracts up to the end of their : (a) contract period, or (b) notice period, as applicable.

Proposal on the appropriation of the available surplus

The Board of Directors proposes to appropriate the available surplus as follows :

in CHF

Particulars	December 31, 2016	December 31, 2015
Retained earnings (brought forward)	8,023,468.70	1,745,061.04
Net profit for the year	(144,315.38)	9,878,407.66
Surplus available to shareholders	7,879,153.32	11,623,468.70
Allocation to legal reserve (5%)	0.00	0.00
Dividend	0.00	(3,600,000.00)
To be carried forward	7,879,153.32	8,023,468.70

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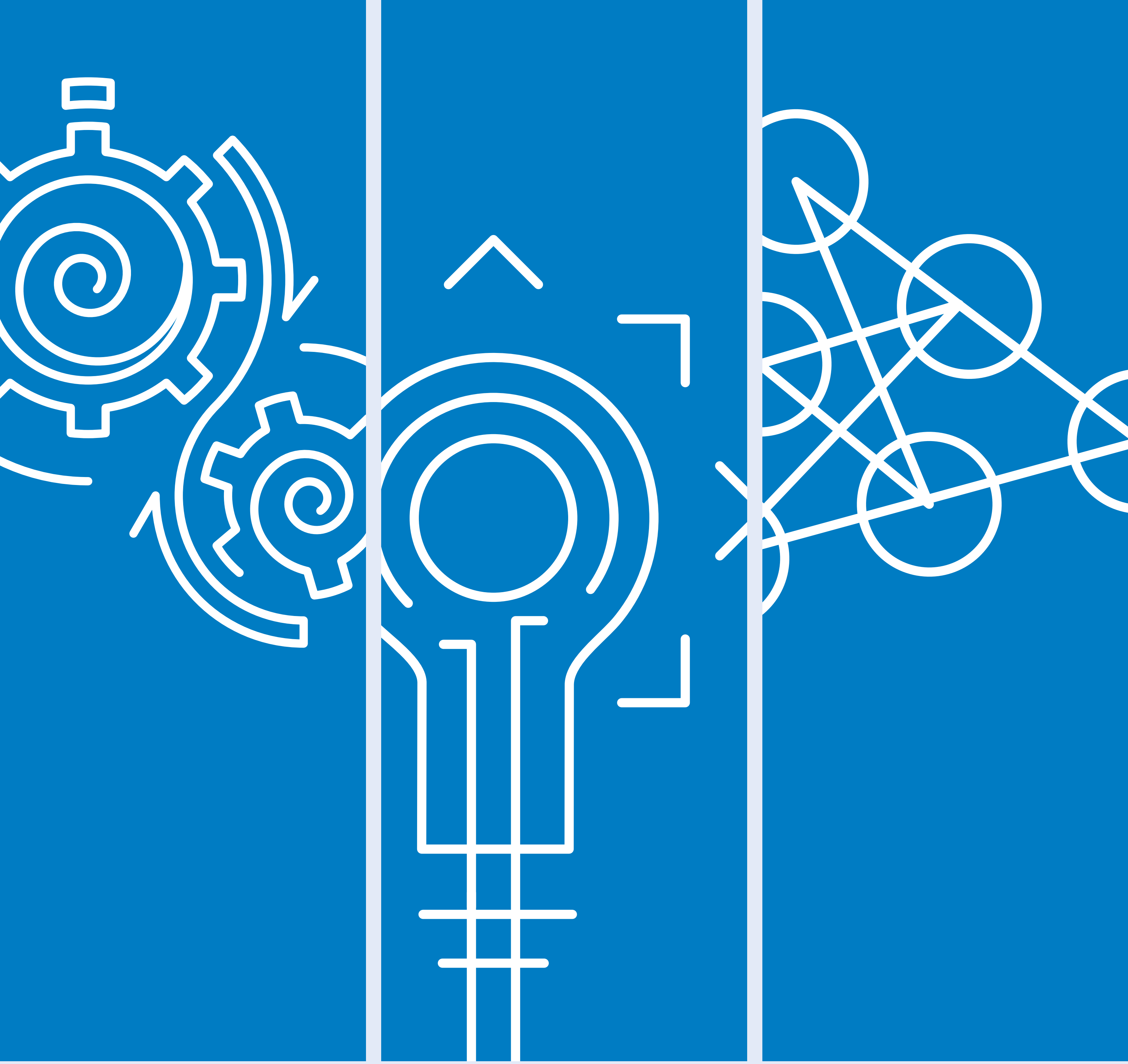

Infy Consulting Company Limited

Independent Auditors' Report

We have audited the financial statements of Infy Consulting Company Limited for the year ended December 31, 2016. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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 auditor

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 Financial Reporting Council'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 December 31, 2016 and of its profit or loss 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, based on the work undertaken in the course of the audit, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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 Audit LLP

Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

February 24, 2017

Balance Sheet as at December 31, 2016

in £

Particulars	Note		2016		2015
Fixed assets					
Tangible assets	10		129,761		151,116
Current assets					
Debtors					
Amounts falling due within one year	11	22,411,652		18,063,087	
Cash at bank and in hand		651,722		822,670	
		23,063,374		18,885,757	
Creditors					
Amounts falling due within one year	12	(18,270,058)		(14,979,600)	
Net current assets			4,793,316		3,906,157
Net assets			4,923,077		4,057,273
Capital and reserves					
Called up share capital	13		50,000		50,000
Profit and Loss Account	14		4,873,077		4,007,273
Shareholders' funds			4,923,077		4,057,273

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

S P Kingston
Director

Date : February 22, 2017

The accompanying notes form an integral part of these financial statements.

Profit and Loss Account for the year ended December 31, 2016

in £

Particulars	Note	2016	2015
Turnover	3	65,836,543	63,028,957
Cost of sales		(61,678,552)	(57,911,814)
Gross profit		4,157,991	5,117,143
Administrative expenses		(3,006,148)	(2,905,422)
Other operating income		10,100	38,436
Operating profit		1,161,943	2,250,157
Interest receivable and similar income	7	137,899	38,745
Interest payable and similar charges	8	(2,530)	(29,778)
Profit on ordinary activities before taxation		1,297,312	2,259,124
Taxation on profit / (loss) on ordinary activities	9	(431,508)	(569,147)
Profit for the financial year		865,804	1,689,977

There are no other items of comprehensive income for either this year or the previous year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

All items relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity as at December 31, 2016

in £

Particulars	Called up share capital	Profit and Loss Account	Total equity
At January 1, 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 January 1, 2016	50,000	4,007,273	4,057,273
Comprehensive income for the year			
Profit for the financial year	–	865,804	865,804
At December 31, 2016	50,000	4,873,077	4,923,077

The accompanying notes form an integral part of these financial statements.

1. General information

Infy Consulting Company Limited provides management consultancy services.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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.

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

- exemption from the requirement to present a Statement of Cash Flows; and
- exemption from the requirement to disclose aggregate key management personnel compensation.

The Company has also taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 on the basis that equivalent information is included in the consolidated financial statements of Infosys Limited as at March 31, 2017 and these financial statements may be obtained from www.infosys.com.

- exemption from certain disclosures relating to financial instruments required by Section 11; and
- exemption from certain share-based payment arrangement disclosures required by Section 26 Share-Based Payment relating to share-based payment arrangements concerning equity instruments of another group entity.

The following principal accounting policies have been applied :

2.2 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.

2.3 Revenue

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 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 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.

2.4 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.

Depreciation is provided on the following basis :

Leasehold improvements	–	33%	straight-line
Fixtures and 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 recognized where the carrying amount exceeds the recoverable amount.

2.5 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's policies for its major classes of financial assets and financial liabilities are as follows :

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 recognized 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'.

2.7 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 recognized as a reduction in the proceeds of the associated capital instrument.

2.8 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as, the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

2.9 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 payment obligations.

The contributions are recognized 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.

2.10 Holiday pay accrual

A liability is recognized 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.

2.11 Interest income

Interest income is recognized in the Profit and Loss Account using the effective interest method.

2.12 Taxation

Tax is recognized in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognized as other comprehensive income or to an item recognized directly in equity is also recognized 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.

3. Turnover

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

Analysis of turnover by country of destination:

in £

Particulars	2016	2015
United Kingdom	188,671	3,195,722
Rest of Europe	3,921,176	3,742,372
Rest of the world	61,726,696	56,090,863
	65,836,543	63,028,957

4. Other operating income

in £

Particulars	2016	2015
Other operating income	10,100	38,436

5. Operating profit

The operating profit is stated after charging:

in £

Particulars	2016	2015
Depreciation of tangible fixed assets	110,383	97,823
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15,000	15,000
Fees payable to the Company's auditors and its associates for other services to the Company	20,508	54,854
Exchange differences	860	406,174

During the year, no director received any emoluments (2015 nil).

6. Employees

Staff costs were as follows:

in £

Particulars	2016	2015
Wages and salaries	28,597,597	26,712,734
Social security costs	3,733,542	3,600,471
Cost of defined contribution scheme	1,154,633	1,101,699
	33,485,772	31,414,904

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

Particulars	2016	2015
	No.	No.
Consultants	277	265
Management	8	7
	285	272

7. Interest receivable

in £

Particulars	2016	2015
Interest receivable from group companies	135,654	37,301
Other interest receivable	2,245	1,444
	137,899	38,745

8. Interest payable and similar charges

in £

Particulars	2016	2015
Bank interest payable	2,530	189
Interest payable to group undertakings	–	29,589
	2,530	29,778

9. Taxation

in £

Particulars	2016	2015
Corporation tax		
Current tax on profits for the year	431,849	595,865
Adjustments in respect of previous periods	(341)	(26,718)
	431,508	569,147

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 higher than) the standard rate of corporation tax in the UK of 20% (20.25%). The differences are explained as follows:

in £

Particulars	2016	2015
Profit on ordinary activities before tax	1,297,312	2,259,124
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 20.25%)	259,462	457,473
Effects of		
Expenses not deductible for tax purposes	37,249	27,625
Capital allowances for year in excess of depreciation	9,730	8,828
Adjustments to tax charge in respect of previous periods	(341)	(26,718)
Other timing differences leading to an increase in the tax charge	125,408	101,939
Total tax charge for the year	431,508	569,147

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance (No. 2) Act 2015 on October 26, 2015. These include reductions to the main rate to reduce the rate to 19% from April 1, 2017. A further reduction in the UK corporation tax rate to 17%, effective from April 1, 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on September 6, 2016.

10. Tangible fixed assets

in £

Particulars	Fixtures and fittings	Computer equipment	Total
Cost			
At January 1, 2016	122,869	358,053	480,922
Additions	–	89,028	89,028
Disposals	(122,869)	–	(122,869)
At December 31, 2016	–	447,081	447,081
Depreciation			
At January 1, 2016	109,697	220,109	329,806
Charge for the period on owned assets	13,172	97,211	110,383
Disposals	(122,869)	–	(122,869)
At December 31, 2016	–	317,320	317,320
Net book value			
At December 31, 2016	–	129,761	129,761
At December 31, 2015	13,172	137,944	151,116

11. Debtors

in £

Particulars	2016	2015
Due within one year		
Trade debtors	2,356,935	3,394,654
Amounts owed by group undertakings	19,101,985	14,023,927
Other debtors	6,256	79,528
Prepayments and accrued income	327,457	296,451
Tax recoverable	619,019	268,527
	22,411,652	18,063,087

12. Creditors: Amounts falling due within one year

in £

Particulars	2016	2015
Trade creditors	459,910	366,637
Amounts owed to group undertakings	10,609,179	6,424,684
Corporation tax	559,049	681,033
Taxation and social security	1,751,124	1,839,626
Other creditors	138,661	54,898
Accruals and deferred income	4,752,135	5,612,722
	18,270,058	14,979,600

13. Share capital

in £

Particulars	2016	2015
Shares classified as equity		
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

14. Reserves

Profit and Loss Account

The Profit and Loss Account includes all current and previous period retained profits and losses.

15. Share-based payments

Equity settled share-based payments

Employees of the Company participate in the share option plan established by the ultimate parent undertaking, Infosys Limited. The ultimate parent undertaking's current share option plans include the 2015 Stock Incentive Compensation Plan, (the 2015 plan).

The maximum number of shares to be issued in the ultimate parent undertaking under the 2015 Plan shall not exceed 24,038,883 equity shares. 17,038,883 equity shares will be issued as restricted stock units at par value and 7,000,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of four years and the group expects to grant the options under the 2015 Plan over the period of four to seven years.

The vesting conditions are:

- the vesting period is four years and shares vest in equal amounts at the end of each year.
- In case of an employee leaving due to death or disability any unvested shares will vest in full at the time of the employee leaving
- In case of employees leaving for any other reason (resignation, termination, etc.), any unvested shares will lapse.
- In case of an employee transferring to another company within the Infosys Group there will be no effect on his / her vesting schedule.
- In case an employee being on long-term leave in excess of one year, the vesting period shall also be extended for the duration of leave exceeding one year.

16. 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.

17. 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.Detailed Profit and Loss Account for the year ended December 31, 2016

in £

Particulars	2016	2015
Turnover	65,836,543	63,028,957
Cost of sales	(61,678,552)	(57,911,814)
Gross profit	4,157,991	5,117,143
Other operating Income	10,100	38,436
Less : Overheads		
Administration expenses	(3,006,148)	(2,905,422)
Operating profit	1,161,943	2,250,157
Interest receivable	137,899	38,745
Interest payable and similar charges	(2,530)	(29,778)
Profit for the year	1,297,312	2,259,124

Schedule to the detailed accounts for the year ended December 31, 2016

in £

Particulars	2016	2015
Cost of sales		
Direct wages	28,597,597	26,712,734
National insurance	3,733,542	3,600,471
Staff pension contributions	1,154,633	1,101,699
Subcontractors and temporary staff	15,647,426	13,758,004
Consultancy costs	7,921,049	8,297,311
Travel and subsistence	4,642,338	4,426,983
Provision for post sales customer support	(18,033)	14,612
	61,678,552	57,911,814

in £

Particulars	2016	2015
Other operating income		
Other operating income	10,100	38,436

in £

Particulars	2016	2015
Administrative expenses		
Staff training	130,317	47,579
Staff welfare	232,718	253,478
Entertainment	301,797	278,652
Printing and stationery	48,106	31,088
Telephone	425,309	361,391
Computer costs	15,701	10,721
Advertising	5,182	6,273
Subscriptions	5,333	1,237
Legal and professional	746,429	714,787
Auditors' remuneration	913	5,009
Bank charges	5,431	3,762
Bad debt provision	(11,553)	(238,112)
Difference on foreign exchange	860	406,174
Sundry expenses	132,949	88,951
Rent, service charge and utilities	138,237	242,821
Insurance	71,075	30,346
Repairs and maintenance	114,531	58,194
Depreciation	110,383	97,823
Management fees	532,430	505,248
	3,006,148	2,905,422

in £

Particulars	2016	2015
Interest receivable		
Other interest receivable	2,245	1,444
Group interest receivable	135,654	37,301
	137,899	38,745

in £

Particulars	2016	2015
Interest payable		
Bank loan interest payable	2,530	189
Group interest payable	–	29,589
	2,530	29,778

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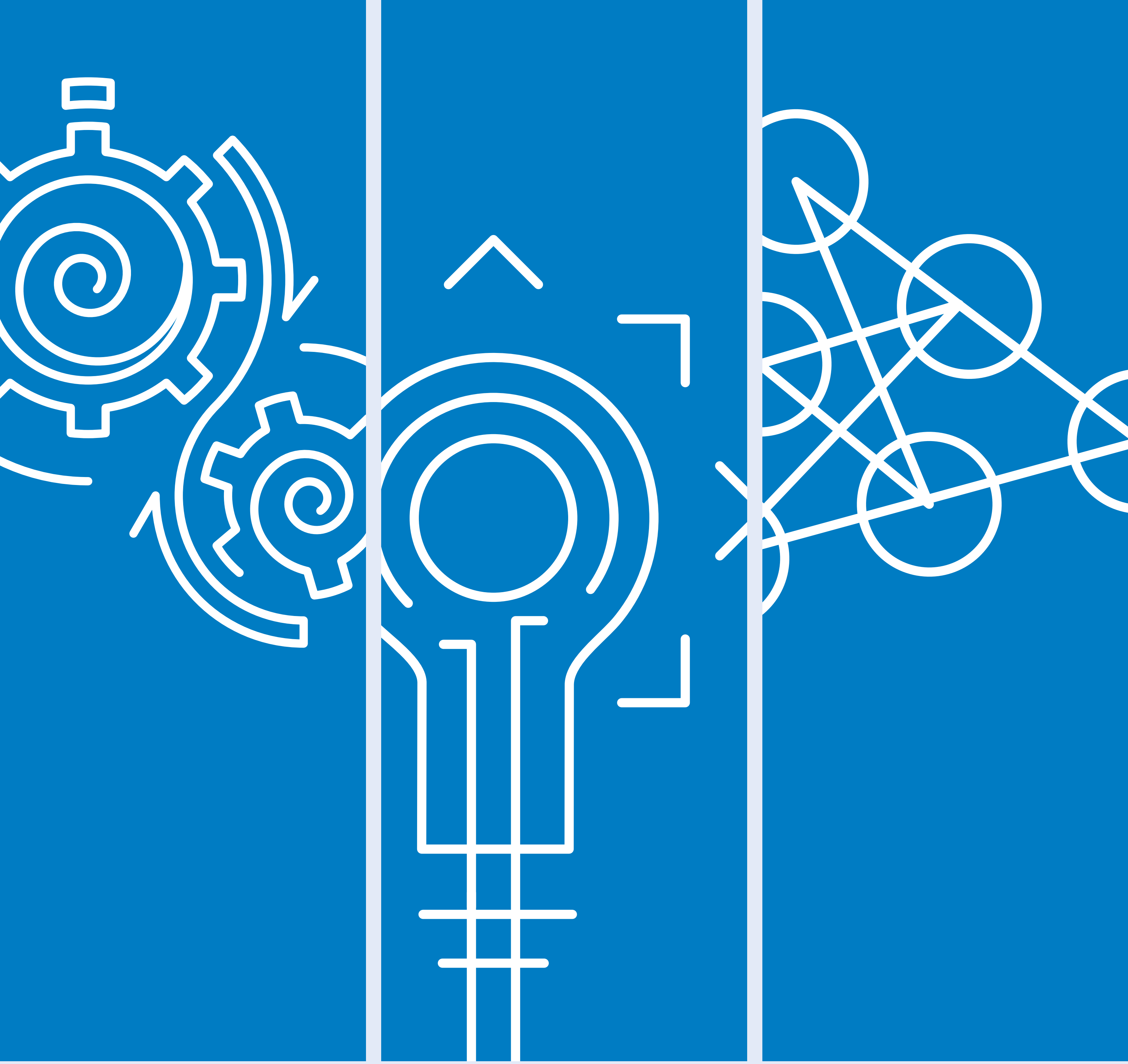

Infosys Poland Sp. z o.o.

(formerly Infosys BPO Poland, Sp. z.o.o)

Opinion and Report of the Independent Auditor

Financial year ended 31 March 2017

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 of the independent auditor

To the Shareholders' Meeting of Infosys Poland Sp. z o.o.

Opinion on the Financial Statements

We have audited the accompanying financial statements of Infosys Poland Sp. z o.o. with its registered office in Łódź, ul. Pomorska 106A ('the Company'), which comprise the introduction to the financial statements, the Balance Sheet as at 31 March 2017, 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 preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act dated 29 September, 1994 (Official Journal from 2016, item 1047 with amendments) ('the Accounting Act') and related bylaws, and other applicable regulations. The Management of the Company is also responsible for such internal control as the 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, the Management of the Company is required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements 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 resolution dated 10 February 2015 of the National Council of Certified Auditors as 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 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 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 the 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.

- give a true and fair view of the financial position of the Company as at 31 March 2017 and of 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;
- comply, in all material respects, with applicable 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

The Management of the Company is responsible for the report on the Company's activities. Our opinion on the financial statements does not cover the report on the Company's activities.

As required by the Accounting Act, we report that the accompanying report on the Company's activities includes the information required by Art. 49 of the Accounting Act and the information is consistent, in all material respects, with the financial statements. Furthermore, based on our knowledge about the Company and its environment obtained in the audit, we have not identified material misstatements in the report on the Company's activities.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warsaw
Registration number: 3546
Signed on the Polish original

Zofia Popławska
Key Certified Auditor
Registration number: 90027
Limited Liability Partner with power of attorney
16 May 2017

1 General

1.1 General information about the Company

1.1.1 Company name

Infosys Poland Sp. z o.o.

1.1.2 Registered office

ul. Pomorska 106A

91-402 Łódź

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court: District Court for Łódź-Śródmieście in Łódź, XX Commercial Department of the National Court Register

Date: 3 August 2007

Registration number: KRS 0000285868

Share capital as at the Balance Sheet date: PLN 2,500,000,00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 March 2017, the Management Board of the Company was comprised the following members:

Anantha Radhakrishnan
President of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Kapil Jain
Member of the Management Board

Anup Kapoor
Member of the Management Board

According to the resolution of the Ordinary Shareholders' Meeting dated 26 September 2016, Mr. Anup Uppadhayay was recalled from the position of President of the Management Board and Mr. Rajesh Krishnamurthy and Mr. Deepak Bhalla were recalled from the position of the Member of the Management Board. In the same resolution, Mr. Anantha Radhakrishnan was appointed to the position of the President of the Management Board and Mr. Anup Kapoor, Mr. Kapil Jain and Mr. Nishit Ajitkumar Shah were appointed to the position of the Member of the Management Board.

1.2. Key certified auditor and audit firm information

1.2.1. Key certified auditor information

Name and surname: Zofia Popławska

Registration number: 90027

1.2.2. Audit firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Address of registered office: ul. Inflancka 4A, 00-189 Warsaw

Registration number: KRS 0000339379

Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register

NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The financial statements as at and for the financial year ended 31 March 2016 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The financial statements were approved at the Shareholders' Meeting on 26 September 2016 where it was resolved to allocate the net profit for the prior financial year of PLN 57,913,201.61 to reserve capital.

The financial statements were submitted to the Registration Court on 28 September 2016.

1.4. Audit scope and responsibilities

The financial statements were audited in accordance with the contract dated 20 March 2017, concluded on the basis of the resolution of Extraordinary Shareholders' Meeting dated 14 March 2017 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ('the Accounting Act') and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the financial statements at the Company during the period from 13 to 17 March 2017 and from 3 to 11 April 2017.

The Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act and related bylaws, and other applicable regulations. The Management of the Company is also responsible for the report on the Company's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements based on our audit.

The Management of the Company submitted a statement, dated as at the same date as this report, as to the preparation of the financial statements that give a true and fair view, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information were provided to us by the Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ('IESBA Code') and the impartiality and independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2016, item 1000) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Balance Sheet

in PLN thousand

ASSETS	As at March 31,			
	2017		2016	
	Amount	% of total	Amount	% of total
Non-current assets				
Tangible fixed assets	9,748.4	3.2	13,621.3	5.5
Long-term investments	33,361.0	10.9	12,023.9	4.9
Long-term prepayments and deferred expenses	16,695.2	5.4	12,509.4	5.1
	59,804.6	19.5	38,154.6	15.5
Current assets				
Short-term receivables	79,340.2	25.9	70,146.0	28.4
Short-term investments	166,480.5	54.4	137,995.1	55.9
Short-term prepayments and deferred expenses	442.1	0.2	474.7	0.2
	246,262.8	80.5	208,615.8	84.5
TOTAL ASSETS	306,067.4	100.0	246,770.4	100.0
EQUITY AND LIABILITIES				
Equity				
Share capital	2,500.0	0.8	2,500.0	1.0
Reserve capital	187,640.2	61.3	129,727.0	52.6
Net profit / (loss)	53,696.2	17.6	57,913.2	23.5
	243,836.4	79.7	190,140.2	77.1
Liabilities and provisions for liabilities				
Provisions for liabilities	17,374.3	5.7	13,500.0	5.5
Short-term liabilities	22,575.8	7.3	19,770.2	8.0
Accruals and deferred income	22,280.9	7.3	23,360.0	9.4
	62,231.0	20.3	56,630.2	22.9
TOTAL EQUITY AND LIABILITIES	306,067.4	100.0	246,770.4	100.0

2.1.2. Profit and Loss Account

in PLN thousand

Particulars	April 1, 2016 - March 31, 2017		April 1, 2015 - March 31, 2016	
	Amount	% of total sales	Amount	% of total sales
Net revenue and net revenue equivalents				
Net revenue from sales of finished products	295,047.6	100.0	266,932.6	100.0
	295,047.6	100.0	266,932.6	100.0
Operating expenses				
Depreciation	(6,052.9)	2.1	(5,759.2)	2.2
Materials and energy	(971.9)	0.3	(390.1)	0.1
External services	(38,449.9)	13.0	(32,973.0)	12.4
Taxes and charges	(2,915.7)	1.0	(2,688.0)	1.0
Payroll	(146,728.1)	49.7	(121,587.8)	45.6
Social security and other benefits	(33,523.9)	11.4	(29,985.9)	11.2
Other expenses by kind	(12,796.0)	4.3	(12,673.1)	4.7
Cost of merchandise and raw materials sold	(140.2)	0.1	(538.8)	0.2
	(241,578.6)	81.9	(206,595.9)	77.4
PROFIT / (LOSS) ON SALES	53,469.1	18.1	60,336.7	22.6
Other operating income				
Gain on disposal of non-financial fixed assets	–	–	3.2	–
Revaluation of non-financial assets	470.5	0.1	–	–
Others	195.0	0.1	175.1	0.1
	665.6	0.2	178.3	0.1
Other operating costs				
Loss on disposal of non-financial fixed assets	(0.6)	0.0	–	–
Revaluation of non-financial assets	–	–	(473.8)	0.2
Other	(88.5)	0.0	(78.0)	0.0
	(89.1)	0.0	(551.8)	0.2
OPERATING PROFIT / (LOSS)	54,045.5	18.3	59,963.2	22.5
Finance income				
Interest	1,975.3	0.7	1,436.3	0.5
Other	698.7	0.2	–	–
	2,674.0	0.9	1,436.3	0.5
Finance costs				
Interest	(17.8)	0.0	(88.6)	0.0
Other	(2,455.5)	0.8	(1,815.2)	0.7
	(2,473.2)	0.8	(1,903.8)	0.7
PROFIT / (LOSS) BEFORE TAXATION	54,246.2	18.4	59,495.7	22.3
Corporate income tax	(550.1)	0.2	(1,582.5)	0.6
Net profit / (loss)	53,696.2	18.2	57,913.2	21.7

2.2. Selected financial ratios

Particulars	2016 / 2017	2015 / 2016	2014 / 2015
Return on sales			
Net profit x 100%	18.2%	21.7%	16.0%
Net revenue			
Return on equity			
Net profit x 100%	28.2%	43.8%	42.8%
Equity - net profit			
Debtors' days			
Average trade receivables (gross) x 365 days	83 days	95 days	94 days
Net revenue			
Debt ratio			
Liabilities and provisions for liabilities x 100%	20.3%	22.9%	32.3%
Total equity and liabilities			
Current ratio			
Current assets	3.5	4.6	3.5
Current liabilities			

- Current assets exclude trade receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding trade liabilities due in more than 12 months) and other short-term accruals.
- Net revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables from related parties and third parties at the beginning and at the end of the period, with no deduction made for allowances.

3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Article 10 of the Accounting Act.

On the basis of the work performed, we have not identified any material irregularities in the accounting system which have not been corrected and that could have a material effect on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

ul. Inflancka 4A

00-189 Warsaw

Signed on the Polish original

Zofia Popławska

Key Certified Auditor

Registration No. 90027

Limited Liability Partner with power of attorney

16 May 2017

Introduction to the financial statements

(All amounts are presented in PLN)

1 Details identifying the Company

1.1 Business name of the Company

Infosys Poland Sp. z o.o., hereinafter 'the Company'

1.2 Registered office of the Company

Pomorska Street 106A

91-402 Łódź

1.3 Registration in the National Court Register

Seat of the court: District Court of Łódź-Śródmieście in Łódź, 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:

- Software-related activities (PKD 62.01.Z);
- 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 2016 to 31 March 2017, and the comparative data pertain to the period from 1 April 2015 to 31 March 2016.

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 PLN 3,500	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, modernization 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 of depreciation rates are as follows:

Computers	33.3%
Furniture	20%
Office equipment	20%

Lease-hold 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 from 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.

Retirement benefits

In accordance with the remuneration regulations, the employees of the Company are entitled to retirement 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 Łódź Special Economic Zone

On the basis of a permit No. 225 issued on 04 July 2013 Company conducts its business in the Łódź 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 as special economic zone (Dz. U. No 244, item. 1477, as amended). The Company is availing the benefit of eligible amount of two-year labor costs assumed labor costs 390 new employees amounting to PLN 45,460,396.80.

Company is entitled to relief from tax in the amount of 50% of the actual eligible costs incurred.

The Company in the Łódź 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 9podkategoria 62.01.21)

The calculation of the eligible costs of building the limit of tax exemption in the Lodz Special Economic Zone company started since May 2015.

On 30 December 2016, the Company received a new permit No. 302 to operate in the Łódź Special Economic Zone with an extended range of services.

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 Łódź 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):

Particulars	March 31, 2017	March 31, 2016
AED	1.069	1.0201
AUD	3.0171	2.8838
CHF	3.9461	3.904
CZK	0.1559	0.1578
EUR	4.2198	4.2684
DKK	0.5674	0.5729
GBP	4.913	5.4078
INR	0.0608	0.0568
NOK	0.4601	0.4532
HRK	0.5673	0.5670
MXN	0.2113	0.2182
SEK	0.4419	0.4624
USD	3.9455	3.759
ZAR	0.2955	0.2542
RON	0.9277	0.9538
HUF	0.0137	0.0136
RUB	0.0704	0.0555
TRY	1.0853	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 shares particularly 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 cannot 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 that 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.

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Balance Sheet

in PLN

ASSETS	Note	As at March 31,	
		2017	2016
NON-CURRENT ASSETS		59,804,636.64	38,154,573.07
Intangible fixed assets	1		
Other intangible fixed assets		–	–
		–	–
Tangible fixed assets	2		
Fixed assets		9,748,413.87	13,621,210.77
Buildings, premises and civil and water engineering structures		2,359,507.95	4,471,805.58
Technical equipment and machinery		6,269,988.04	7,394,693.67
Other tangible fixed assets		1,118,917.88	1,754,711.52
Fixed assets under construction		–	118.05
		9,748,413.87	13,621,328.82
Long-term investments	6		
Long-term financial assets		–	–
Financial assets available for sale		33,360,975.00	12,023,880.00
		33,360,975.00	12,023,880.00
Long-term prepayments and accruals			
Deferred income tax assets	13.3	16,695,247.77	12,509,364.25
		16,695,247.77	12,509,364.25
CURRENT ASSETS		246,262,804.08	208,615,868.38
Short-term receivables			
Amounts due from related parties		1,198,731.84	818,776.46
Trade receivables	3.1	1,198,731.84	818,776.46
Amounts due from third parties		78,141,494.04	69,327,234.63
Trade receivables	3.2	68,296,463.47	62,057,289.37
Receivables relative to taxes, subsidies, customs duties social and Health insurance - Short-term		8,645,172.42	5,781,238.70
Other		1,199,858.15	1,488,706.56
		79,340,225.88	70,146,011.09
Short-term investments			
Short-term financial assets		166,480,517.59	137,995,118.97
In related parties	4.1	2,803,618.25	–
In third parties	4.2	45,121,561.74	123,173,293.15
Cash and other cash equivalents	4.3	118,555,337.60	14,821,825.82
		166,480,517.59	137,995,118.97
Short-term prepayments and deferred expenses	5	442,060.61	474,738.32
TOTAL ASSETS		306,067,440.72	246,770,441.45

Balance Sheet

in PLN

EQUITY AND LIABILITIES	Note	As at March 31,	
		2017	2016
EQUITY			
Share capital	7.1	2,500,000.00	2,500,000.00
Capital reserve		187,640,238.78	129,727,037.17
Losses brought forward			–
Net profit / (loss)		53,696,165.85	57,913,201.61
Write-offs from net profit during the financial year		–	–
		243,836,404.63	190,140,238.78
LIABILITIES AND PROVISIONS FOR LIABILITIES		62,231,038.10	56,630,202.67
Provisions for liabilities			
Deferred tax liability	13.3	75,013.70	243,067.25
Provision for retirement and similar benefits	8.1	15,449,327.11	12,015,582.94
Long-term		552,547.00	410,545.00
Short-term		14,896,780.11	11,605,037.94
Other provisions		1,850,000.00	1,241,359.00
Short-term	8.2	1,850,000.00	1,241,359.00
		17,374,340.81	13,500,009.19
Short-term liabilities			
Related party liabilities		288,310.92	164,836.32
Trade liabilities	9.1	288,310.92	164,836.32
Liabilities due to third parties		21,706,975.73	19,442,627.75
Other financial liabilities	9.4	56,000.00	1,574,155.12
Trade liabilities	9.2	2,165,233.16	1,494,734.83
Taxes, customs duties, insurance, and other benefits to be paid	9.3	10,902,142.53	8,404,379.52
Wages and salaries		8,583,600.04	7,427,219.36
Other		–	542,138.92
Special funds		580,556.48	162,750.12
		22,575,843.13	19,770,214.19
Accruals			
Other accruals		22,280,854.16	23,359,979.29
Long-term	10.1	9,311,835.88	10,833,265.21
Short-term	10.2	12,969,018.28	12,526,714.08
		22,280,854.16	23,359,979.29
TOTAL EQUITY AND LIABILITIES		306,067,442.73	246,770,441.45

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Profit and Loss Account

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Net income from sales and equivalent income			
Net income from sale of products	11	295,047,621.77	266,932,593.51
		295,047,621.77	266,932,593.51
Operating expenses			
Depreciation		(6,052,866.93)	(5,759,180.83)
Consumption of materials and energy		(971,853.48)	(390,094.02)
External services		(38,449,873.04)	(32,973,056.12)
Taxes and charges including		(2,915,708.51)	(2,687,967.47)
Wages and salaries		(146,728,111.37)	(121,587,796.65)
Social security and other benefits		(33,523,928.33)	(29,985,895.86)
Other costs		(12,795,993.70)	(12,673,108.13)
Value of goods and materials sold		(140,228.03)	(538,806.49)
		(241,578,563.39)	(206,595,905.57)
Profit on sale		53,469,058.38	60,336,687.94
Other operating revenues			
Profit on the disposal of non-financial fixed assets		–	3,252.03
Revaluation of non-financial assets		470,546.52	
Other operating revenues		195,003.91	175,132.36
		665,550.43	178,384.39
Other operating expenses			
Loss on disposal of non-financial fixed assets		(645.52)	–
Revaluation of non-financial assets		–	(473,841.20)
Other operating expenses		(88,459.78)	(78,047.40)
		(89,105.30)	(551,888.60)
Operating profit / (loss)		54,045,503.51	59,963,183.73
Financial revenue			
Interest only	12	1,975,276.26	1,436,349.67
Other		698,699.29	–
		2,673,975.55	1,436,349.67
Financial expenses			
Interest, including		(17,771.07)	(88,632.04)
Other		(2,455,471.21)	(1,815,210.37)
		(2,473,242.28)	(1,903,842.41)
Gross profit / (loss) on business activities		54,246,236.78	59,495,690.99
Corporate income tax	13	(550,070.93)	(1,582,489.38)
Net profit / (loss)		53,696,165.85	57,913,201.61

Anantha Radhakrishnan
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Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Statement of Changes in Equity

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
EQUITY AT THE BEGINNING OF THE PERIOD		190,140,238.78	132,227,037.17
SHARE CAPITAL AT THE BEGINNING OF THE PERIOD		2,500,000.00	2,500,000.00
SHARE CAPITAL AT THE END OF THE PERIOD		2,500,000.00	2,500,000.00
RESERVE CAPITAL AT THE BEGINNING OF THE PERIOD		129,727,037.17	106,589,179.77
Changes in reserve capital			
Additions relating to		57,913,201.61	23,137,857.40
Profit allocation (above the minimum statutory value)		57,913,201.61	23,137,857.40
RESERVE CAPITAL AT THE END OF THE PERIOD		187,640,238.78	129,727,037.17
Loss brought forward at beginning of period		–	(1,514,368.16)
Decrease		–	1,514,368.16
Covering the loss from previous years		–	1,514,368.16
Loss brought forward at the end of period		–	–
NET RESULT			
Net profit		53,696,165.85	57,913,201.61
Write-offs from profit		–	–
EQUITY AT THE END OF THE PERIOD		243,836,404.63	190,140,238.78
EQUITY AFTER ADJUSTMENTS FOR THE PROPOSED DISTRIBUTION OF PROFITS	5.2	243,836,404.63	190,140,238.78

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President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Statement of Cash Flows

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
OPERATING CASH FLOW			
NET PROFIT		53,696,165.85	57,913,201.61
TOTAL ADJUSTMENTS			
Depreciation and amortization		6,052,866.93	5,759,180.83
Foreign exchange (profit) / loss		197,305.62	393,906.99
Interest		(2,110,733.24)	(111,970.38)
Investment profits	15.1	819,455.75	(214,854.86)
Movements in provisions		3,874,331.62	(3,707,191.57)
Movements in receivables		(9,194,214.79)	6,519,052.37
Movements in short-term liabilities excluding loans and credits	15.2	4,865,922.98	(3,434,297.91)
Movements in prepayments and accruals		(5,232,332.96)	(4,273,821.26)
Other adjustments	15.4	(1,518,155.12)	1,168,795.12
		(2,245,553.20)	2,098,799.33
NET OPERATING CASH FLOW		51,450,612.65	60,012,000.94
CASH FLOW FROM INVESTING ACTIVITIES			
INFLOWS		125,042,561.62	11,716,059.20
Sale of intangible assets and tangible fixed assets		645.62	–
From financial assets, including		124,764,729.54	11,501,204.34
From related parties (loan)		–	11,501,204.34
Repayment of long-term loans		–	11,116,500.00
Interest		–	384,704.34
From third parties		124,764,729.54	–
Income from deposits over 3 months		123,000,000.00	–
Interest		1,764,729.54	–
Other investment inflows		277,186.46	214,854.86
OUTFLOWS		(72,880,211.14)	(141,172,196.53)
Purchase of investment property and intangible assets	15.3	(2,722,736.52)	(5,975,023.38)
For financial assets, including		(69,338,018.87)	–
In affiliates		(3,000,923.87)	–
Loan granted		(3,000,923.87)	–
Of third parties		(66,337,095.00)	(135,197,173.15)
Acquisition of financial assets		(66,337,095.00)	(135,197,173.15)
Other investing disbursements		(819,455.75)	–
NET CASH FLOW FROM INVESTING ACTIVITIES		52,162,350.48	(129,456,137.33)
FINANCIAL CASH FLOWS			
PROCEEDS		120,548.74	–
Subsidy 452		120,548.74	–
OUTFLOWS		–	(1,500,000.00)
Dividend		–	(1,500,000.00)
NET CASH FLOW FROM FINANCIAL ACTIVITIES		120,548.74	(1,500,000.00)
TOTAL NET CASH FLOWS		103,733,511.87	(70,944,136.39)
Balance Sheet MOVEMENTS IN CASH AND CASH EQUIVALENTS		103,733,511.78	(70,944,136.39)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		14,821,825.82	85,765,962.21
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4.3	118,555,337.69	14,821,825.82

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Lodz, 16.05.2017

Supplementary information and explanations

1 Intangible fixed assets

Changes in intangible fixed assets

in PLN

Particulars	Goodwill	Other intangible fixed assets	Total
Gross book value			
April 1, 2016	21,445,874.68	462,667.52	21,908,542.20
Additions	–	–	–
Disposals	–	–	–
March 31, 2017	21,445,874.68	462,667.52	21,908,542.20
Depreciation			
April 1, 2016	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Additions	–	–	–
Disposals	–	–	–
March 31, 2017	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Net book value			
April 1, 2016	–	–	–
March 31, 2017	–	–	–

2 Tangible fixed assets

2.1 Changes in tangible fixed assets

in PLN

Particulars	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value				
April 1, 2016	10,563,154.52	21,145,214.38	5,048,959.67	36,757,328.57
Additions	–	2,120,777.65	59,938.00	2,180,715.65
Disposals	–	(1,985,261.30)	(33,139.12)	(2,018,400.42)
March 31, 2017	10,563,154.52	21,280,730.73	5,075,758.55	36,919,643.80
Accumulated depreciation				
April 1, 2016	(6,091,348.94)	(13,750,520.71)	(3,294,248.15)	(23,136,117.80)
Additions	(2,112,297.63)	(3,244,837.76)	(695,731.64)	(6,052,867.03)
Disposals	–	1,984,615.78	33,139.12	2,017,754.90
March 31, 2017	(8,203,646.57)	(15,010,742.69)	(3,956,840.67)	(27,171,229.93)
Net book value				
April 1, 2016	4,471,805.58	7,394,693.67	1,754,711.52	13,621,210.77
March 31, 2017	2,359,507.95	6,269,988.04	1,118,917.88	9,748,413.87

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 2,215.4 thousand (previous reporting period: PLN 1,980.7 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

in PLN

Particulars	As at March 31,	
	2017	2016
Remaining term		
Due within 12 months	1,198,731.84	818,776.46
Gross trade receivables	1,198,731.84	818,776.46
Net trade receivables	1,198,731.84	818,776.46

3.2 Ageing of short-term receivables from supplies and services from other entities

in PLN

Particulars	As at March 31,	
	2017	2016
Remaining term		
Due within 12 months	67,958,194.54	61,945,452.79
Over 12 months	338,268.93	111,836.58
	68,296,463.47	62,057,289.37
Gross trade receivables	69,200,356.49	63,328,257.33
Allowances for trade receivables	(903,893.02)	(1,270,967.96)
Net trade receivables	68,296,463.47	62,057,289.37

3.3 Revaluation write-off for short-term trade receivables

in PLN

Particulars	Third parties
April 1, 2016	1,270,967.96
Allowance raised during the year	903,893.02
Allowance released during the year	(1,270,967.96)
March 31, 2017	903,893.02

3.4 Receivables from other entities

in PLN

Particulars	As at March 31,	
	2017	2016
For taxes, subsidies, customs, social and health insurance and other benefits	8,645,172.42	5,781,238.70
VAT	1,668,335.71	2,433,604.24
CIT	6,976,836.71	3,347,634.46
Other	1,199,858.15	1,488,706.56
	9,845,030.57	7,269,945.26

4 Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2017	2016
Loans granted	2,803,618.25	–
	2,803,618.25	–

4.2 Short-term financial assets related to third parties

in PLN

Particulars	As at March 31,	
	2017	2016
Other short- term financial assets – financial derivatives	45,121,561.65	123,173,293.15
	45,121,561.65	123,173,293.15

4.3 Cash and cash equivalents

in PLN

Particulars	As at March 31,	
	2017	2016
Other cash	109,182,708.22	12,000,312.33
	118,555,337.69	14,821,825.82

5. Short-term prepayments and deferred expenses

in PLN

Particulars	As at March 31,	
	2017	2016
Other insurance	47,213.17	34,559.88
Subscription / databases access	265,457.31	215,082.72
Pre-paid others	113,606.23	115,515.50
Revaluation	(14,466.10)	84,460.22
	442,060.61	474,738.32

6 Long-term financial assets in other entities

in PLN

Particulars	As at March 31,	
	2017	2016
The investment in Vertex Venture	19,585,425.00	12,023,880.00
The investment in Cloudyn Software Ltd.	7,650,000.00	–
The investment in Tidal scale Inc.	6,125,550.00	–
	33,360,975.00	12,023,880.0

Based on the agreement dated 21.08.2015, the Company incurred capital expenditures of Vertex Ventures in the amount of PLN 19,585,425.00. Uncalled capital relating to investments in Vertex Ventures is US $ 9,975,000.00 (PLN 39,356,362.50 translated at the exchange rate as of March 31, 2017).

Based on the agreement dated 03.08.2016, the Company incurred capital expenditures of Cloudyn Software Limited in the amount of PLN 7,650,000.00. Uncalled capital relating to investments in Cloudyn Software Limited is US $ 2,000,000.00 (PLN 7,891,000.00 translated at the exchange rate as of March 31, 2017).

Based on the agreement dated 04.08.2016, the Company incurred capital expenditures of Tidal Scale Inc. in the amount of PLN 6,125,55.00.

7 Share capital

7.1 Share capital ownership

Shareholders	No. of shares held	Nominal value of shares	% held
Infosys BPO Limited	5,000	2,500,000	100%
	5,000	2,500,000	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

in PLN

Particulars	Retirement benefit	Other	Total
April 1, 2016	410,545.00	11,605,037.94	12,015,582.94
Increases	552,547.00	14,896,780.11	15,449,327.11
Utilized	–	(4,821,573.93)	(4,821,573.93)
Release	(410,545.00)	(6,783,464.01)	(7,194,009.01)
March 31, 2017	552,547.00	14,896,780.11	15,449,327.11
Including			
Long-term part	552,547.00	–	552,547.00
Short-term part	–	14,896,780.11	14,896,780.11

8.2 Other short-term provisions

in PLN

Particulars	Provision for other cost	Total
April 1, 2016	1,241,359.00	1,241,359.00
Increases	1,850,000.00	1,850,000.00
Utilized	–	–
Release	(1,241,359.00)	(1,241,359.00)
March 31, 2017	1,850,000.00	1,850,000.00

9 Short-term liabilities

9.1 Short-term trade liabilities due to related parties of PLN 288,310.92 are due within 12 months from Balance Sheet date.

9.2 Short-term trade liabilities due to third parties of PLN 2,165,233.16 are due within 12 months from Balance Sheet date.

9.3 Short-term liabilities from taxes, customs duties, insurance and other benefits.

in PLN

Particulars	As at March 31,	
	2017	2016
Settlements with the government under PIT-4	2,072,930.48	1,685,741.80
Settlements with ZUS	8,829,212.05	6,718,637.72
	10,902,142.53	8,404,379.52

9.4 Short-term liabilities - other financial liabilities to other entities

in PLN

Particulars	As at March 31,	
	2017	2016
Valuation of financial instruments	56,000.00	1,574,155.12
	56,000.00	1,574,155.12

10 Other prepayments and accruals

10.1 Long-term accruals

in PLN

Particulars	As at March 31,	
	2017	2016
Accrued discount on tenancy agreement – long-term	9,311,833.87	10,833,265.21
	9,311,833.87	10,833,265.21

10.2 Short-term accruals

in PLN

Particulars	As at March 31,	
	2017	2016
Provision for business trips	147,351.00	390,243.77
Accrued discount on tenancy agreement – short-term	1,527,278.64	1,386,180.87
EU subsidy - other deferred income	8,130,452.55	8,009,903.81
Others	3,163,936.09	2,740,385.63
	12,969,018.28	12,526,714.08

11 Structure of revenues from sales

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
By territory		
Revenues from the sale of finished products		
Domestic	31,967,331.52	32,046,849.14
Export	263,080,290.25	234,885,744.37
	295,047,621.77	266,932,593.51
Sale structure by activity		
Revenues from the sale of finished products		
Services	295,047,621.77	266,932,593.51
	295,047,621.77	266,932,593.51

12 Interest income

Including on debt financial instruments, loans granted and the receivables originated by the enterprise.

In the period from 1st of April 2016 to 31st of March 2017, interest unrealized, allocated by period of payment term:

in PLN

Particulars	Interest realized	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	1,802,878.04	9,102.74	163,295.48	–	1,975,276.26
	1,802,878.04	9,102.74	163,295.48	–	1,975,276.26

In the period from 1st of April 2015 to 31st of March 2016, interest unrealized, allocated by period of payment term:

in PLN

Particulars	Interest realized	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	1,380,379.29	–	55,970.38	–	1,436,349.67
	1,380,379.29	–	55,970.38	–	1,436,349.67

13 Corporate income tax

13.1 Structure of corporate income tax

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Current income tax	4,993,210.00	7,538,353.00
Additional tax liabilities brought forward	(89,202.00)	146,968.00
Movements in deferred income tax	(4,353,937.07)	(6,102,831.62)
	550,070.93	1,582,489.38

13.2 Calculation of corporate income tax

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Profit / (loss) before tax	54,246,236.78	59,495,690.99
Amounts increasing the tax base	35,165,791.73	23,958,569.60
Amounts decreasing the tax base	34,348,392.66	11,170,965.63
Taxable income	55,063,635.85	72,283,294.96
Tax base	55,063,635.85	72,283,294.96
Current tax	10,462,090.00	13,733,826.00
SEZ relief	(5,468,880.00)	(6,195,473.00)
Tax in profit and loss	4,993,210.00	7,538,353.00

13.3 Deferred tax assets and liabilities

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Negative temporary differences		
Holiday provision	7,864,799.94	5,601,903.89
Bonus and retirement provision and other salary provisions	5,822,581.07	6,473,336.47
Recognized foreign exchange losses	1,623,863.79	1,464,981.28
Provisions for other costs and accrued expenses	23,105,890.57	29,241,658.11
Deferred income	847,301.35	-
Valuation of derivatives	67,500.00	1,574,155.12
Provision for tax relief SEZ	48,537,788.40	21,482,724.32
	87,869,725.12	65,838,759.19
The gross value of deferred income tax	16,695,247.77	12,509,364.25
NET VALUE OF DEFERRED TAX ASSET	16,695,247.77	12,509,364.25
Positive temporary differences		
Recognized foreign exchange profit	48,805.25	152,691.32
Deposit interest accrued	346,003.71	173,605.48
Fixed assets	–	953,004.51
	394,808.96	1,279,301.31
DEFERRED INCOME TAX PROVISION	75,013.70	243,067.25
DEFERRED INCOME TAX ASSETS RECOGNIZED IN THE Balance Sheet	16,695,247.77	12,509,364.25
Balance Sheet MOVEMENTS IN NET DEFERRED TAX ASSETS / PROVISION	75,013.70	243,067.25
CHANGING THE Balance Sheet NET ASSETS / PROVISION FOR DEFERRED TAX	4,353,937.07	6,102,831.62
MOVEMENTS IN DEFERRED TAX RECOGNIZED IN THE PROFIT AND LOSS ACCOUNT	4,353,937.07	6,102,831.62

14 Outlays on non-financial fixed assets

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Outlays on non-financial fixed assets		
Made during the year	2,180,715.65	5,975,023.38
Planned for the next year	8,220,295.38	3,999,576.00

15 Notes to the Cash Flow Statement

15.1 Investment profits

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Profit / (loss) on sales of fixed assets	–	(3,252.03)
Other – profit from forward transactions completed	819,455.75	(211,602.83)
	819,455.75	(214,854.86)

15.2 Movements in short-term liabilities (excluding credits and loans)

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Movements in short-term liabilities	2,805,628.94	(3,812,099.10)
Withholding tax charged on dividends	–	1,500,000.00
Movements in liabilities as a result of purchase of tangible assets and investments	542,138.92	46,596.31
Movements in other financial liabilities as a result of valuation of forward contracts	1,518,155.12	(1,168,795.12)
	4,865,922.98	(3,434,297.91)

15.3 Acquisition of intangible assets and tangible assets

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Increase of fixed assets	(2,180,715.65)	(5,928,309.02)
Movements in fixed assets under construction	118.05	(118.05)
Movements in liabilities as a result of purchase of tangible assets	(542,138.92)	(46,596.31)
	(2,722,736.52)	(5,975,023.38)

15.4 Other adjustments

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Other – profit / (loss) as a result of valuation of forward contracts	(1,518,155.12)	1,168,795.12
	(1,518,155.12)	1,168,795.12

16 Transactions with related party

16.1 Settlement balance as at the Balance Sheet date

in PLN

Particulars	Liabilities	Receivables	Loan granted
Infosys Ltd - India	37,647.44	492,585.48	–
Infosys BPO Limited - India	–	76,797.17	–
Portland Group Pty Limited	212,573.26	–	–
Infy Consulting B.V.	–	629,349.19	–
Infosys (Czech Republic) Limited s.r.o.	38,090.22	–	–
Infosys Technologies (China) Company Limited	–	–	2,803,618.25
	288,310.92	1,198,731.84	2,803,618.25

16.2 Revenues from mutual transactions in the financial year

in PLN

Particulars	Sales revenue	Other revenues
Infosys Ltd - India	1,744,287.39	–
Infosys BPO Limited - India	2,153,820.91	–
Infosys China Company limited	–	41,733.84
	3,898,108.30	41,733.84

16.3 Costs of mutual transactions in the financial year

in PLN

Particulars	Purchases of services
Infosys Ltd - India	37,647.44
Infosys (Czech Republic) Limited s.r.o	567,071.35
Infosys BPO Limited - India	913,609.29
Portland group pty ltd	2,309,922.39
Infy Consulting B.V.	4,835.37
	3,833,085.84

17 Employment

Average level of employment during the financial year

White-collar workers	2,480
	2,480

18 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.

19 Remuneration for the body authorized to perform the audit, paid or due:

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Remuneration for the performance of the audit of the annual financial statements	101,275.20	102,441.60

20 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.

21 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.

22 Information about the consolidated financial statements

Infosys Limited with the registered office in India, Electronics City, Hosur Road, Bengaluru 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, Bengaluru 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.

23 Contingent liabilities

The Company issued a blank bill of exchange to secure the repayment of funds 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 funding received as on the Balance Sheet date was equal to 8,130,452.55 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 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.

24 Information on financial instruments

24.1 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.

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 US Dollars and EUR. The Company minimizes foreign exchange risk through making forward contracts for purchase / sale of currencies.

Interest rate risk

The Company is exposed to a risk of fair value changes resulting from fixed interest rate assets.

24.2 Classification of financial instruments

in PLN

Portfolio	Description	Balance Sheet amount	Terms and conditions affecting future cash flows
Cash and cash equivalents	Cash and bank	9,372,629.47	N / A
Cash and cash equivalents	Deposits	66,151,347.95	Interest rate 1.55%; realization 2017-05-08
	Deposits	30,030,986.30	Interest rate 1.45%; realization 2017-06-06
	Deposits	13,000,373.97	Interest rate 1.05%; realization 2017-04-04
Other short-term financial assets	Deposits	15,058,315.17	Interest rate 1.65%;; realization 2017-07-04
	Deposits	30,063,246.58	Interest rate 1.71%;; realization 2017-08-08
Financial liabilities held for trading, including	Derivatives	56,000.00	Contracts realization
Financial assets available for sale	Investment in Vertex Venture	19,585,425.00	
	Investment in Tidal Scale Inc.	6,125,550.0	
	Investment in Cloudyn Software Ltd.	7,650,000.0	

24.3 Carrying value of financial instruments valued at fair value

The carrying value of financial liability valued at fair value amounts to 56,000.00 PLN. Whereas, the Income Statement of the reporting period has been included in the amount of 698,699.27 PLN (increasing other financial income).

24.4 Interest rate risk

in PLN

Particulars	Carrying value March 31,	
	2017	2016
FINANCIAL INSTRUMENTS		
Fixed rate instruments		
Financial assets, including	157,149,621.96	135,173,605.48
Loans	2,845,352.09	–
Deposits	154,304,269.87	135,173,605.48

24.5 Credit risk

The Company's maximum exposure to credit risk corresponds to the Balance Sheet value of the following financial assets:

in PLN

Particulars	March 31, 2017 Carrying value	March 31, 2016 Carrying value
Financial assets		
Receivables and loans granted	2,845,352.09	–
Trade receivables	69,495,195.31	62,876,065.83
Other short-term financial assets - deposits	45,121,561.65	123,173,293.15
Cash – deposits	109,182,708.22	12,000,312.33
Cash – other	9,333,409.17	2,821,513.49
Financial assets available for sale	33,360,975.00	12,023,880.00
	269,339,201.44	212,895,064.80

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.

25 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.

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

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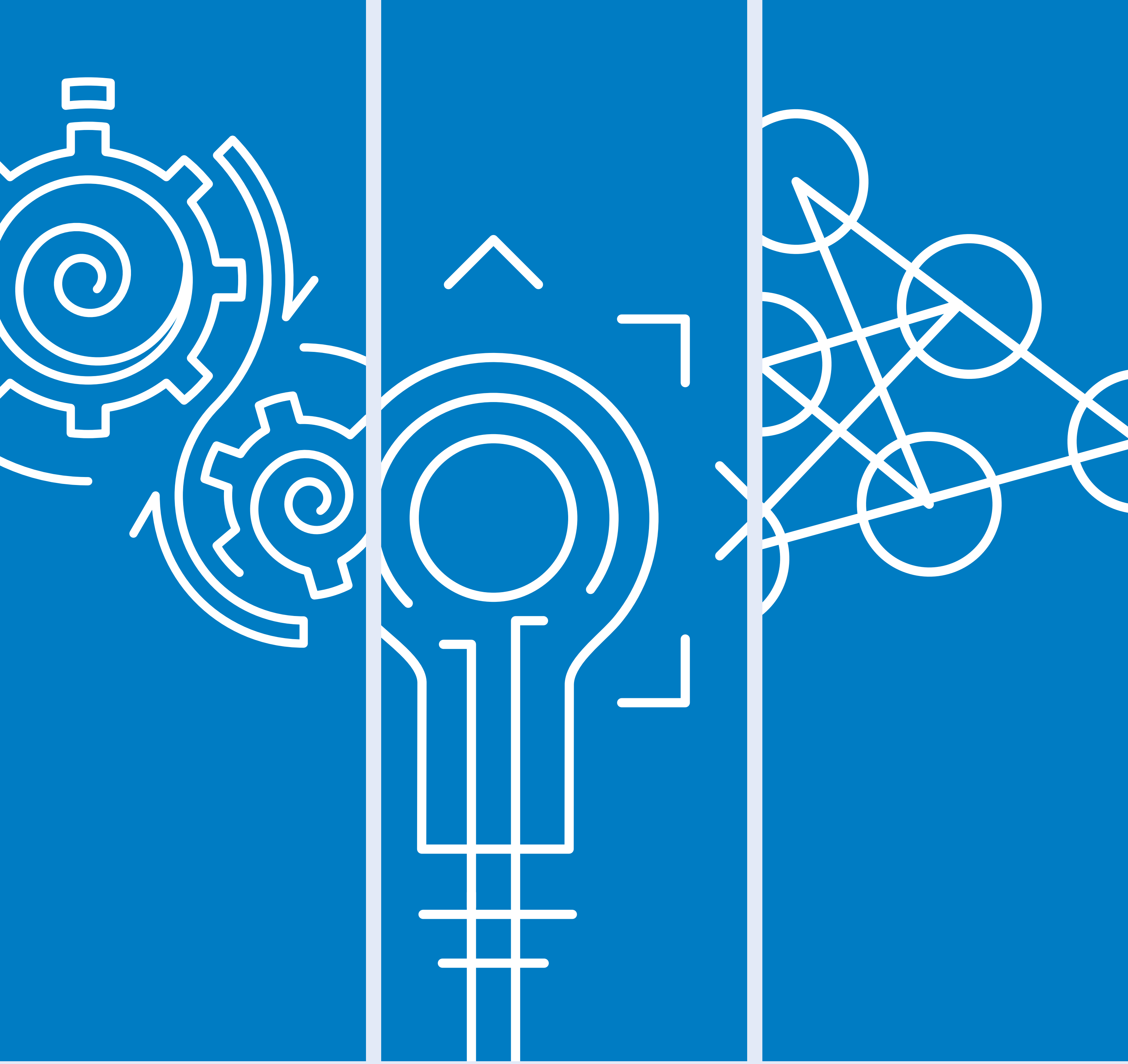


Infosys McCamish Systems LLC

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 ('the Company'), which comprise the Balance Sheets as of March 31, 2017 and 2016, and the related Statement of Income, Changes in Members' Equity, 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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.
- We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017 and 2016, 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

Bengaluru, India

May 5, 2017

Balance Sheet

in US $

Particulars	Note	As at March 31, 2017	As at March 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	5	8,313,231	4,995,182
Accounts receivables, net of doubtful balances	6	9,105,641	5,842,221
Unbilled revenue		9,827,227	1,249,544
Income tax assets		111,536	117,034
Prepayments and other assets	7	7,771,858	531,655
Total current assets		35,129,493	12,735,636
Non-current assets			
Deferred tax assets	17	2,991,510	3,827,830
Plant and equipment	8	1,687,559	1,885,743
Goodwill	9	30,594,094	30,594,094
Intangible assets	9	2,000,928	3,336,484
Prepayments and other assets	7	115,480	86,760
Total non-current assets		37,389,571	39,730,911
Total assets		72,519,064	52,466,547
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	11	697,100	964,029
Unearned revenue		9,746,313	618,138
Provisions	12	780,672	1,006,276
Other liabilities	13	14,891,809	5,502,894
Total current liabilities		26,115,894	8,091,337
MEMBER'S EQUITY			
Member's equity		36,070,038	36,070,038
Additional paid-in-capital		16,424,108	16,424,108
Accumulated deficit		(6,090,976)	(8,118,936)
Total member's equity		46,403,170	44,375,210
Total liabilities and member's equity		72,519,064	52,466,547

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

Statements of Operations

in US $

Particulars	Notes	Year ended March 31,	
		2017	2016
Revenue		69,848,292	54,414,906
Cost of revenue	15	55,529,474	40,391,744
Gross profit		14,318,818	14,023,162
Other expenses			
Selling and marketing expenses	15	1,046,585	1,226,927
Administrative expenses	15	8,996,156	8,804,638
Amortization of intangible assets	9	1,335,556	1,335,556
Total other expenses		11,378,297	11,367,121
Operating profit		2,940,521	2,656,041
Finance expenses	16	–	22,583
Other expenses	17	30,275	22,965
Profit before income taxes		2,910,246	2,610,493
Income tax expense/ (reversal)	18	882,286	(9,793,500)
Net profit for the year		2,027,960	12,403,993

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

Statements of Changes in Member's Equity and Comprehensive Income

in US $

Particulars	Member's Equity	Additional paid in capital	Comprehensive income	Accumulated deficit	Total Member's equity
Balance as of April 1, 2015	36,070,038	16,424,108		(20,522,929)	31,971,217
Changes in members equity for the year ended March 31, 2016					
Net profit for the year	–	–	–	12,403,993	12,403,993
Comprehensive income			12,403,993		
Balance as of March 31, 2016	36,070,038	16,424,108	12,403,993	(8,118,936)	44,375,210
Changes in members equity for the year ended March 31, 2017					
Net profit for the year	–	–	–	2,027,960	2,027,960
Comprehensive income			2,027,960		
Balance as of March 31, 2017	36,070,038	16,424,108	2,027,960	(6,090,976)	46,403,170

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

Statement of Cash Flows

in US $

Particulars	Year ended March 31,	
	2017	2016
Cash flows from operating activities		
Net profit for the year	2,027,960	12,403,993
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense/ (reversal)	881,840	(9,793,500)
Provision for service level risk on revenue contracts	(225,604)	244,930
Loss on sale of plant and equipment	–	6,276
Allowance for doubtful accounts	(127,994)	120,415
Depreciation	791,647	766,203
Exchange difference	30,275	16,689
Amortization of intangible assets	1,335,556	1,335,556
Cash operating profit	4,713,680	5,100,562
Changes in assets and liabilities		
Accounts receivable	(3,162,781)	3,454,186
Prepayments and other assets	(7,271,843)	6,278
Unbilled revenues	(8,577,683)	269,315
Trade payables	(266,929)	(728,921)
Unearned revenue	9,128,175	(1,210,678)
Other liabilities and provisions	9,494,714	(3,312,050)
Income taxes paid	(40,022)	(150,297)
Net cash provided by operating activities	4,017,311	3,428,395
Cash flows from investing activities		
Expenditure on plant and equipment	(534,053)	(875,085)
Net cash used in investing activities	(534,053)	(875,085)
Cash flows from financing activities		
Loan from related parties repaid	–	(4,000,000)
Net cash used in financing activities	–	(4,000,000)
Net changes in cash and cash equivalents	3,483,258	(1,446,690)
Cash and cash equivalents at the beginning of the year	4,829,973	6,276,663
Cash and cash equivalents at the end of the year	8,313,231	4,829,973
Supplementary information		
Interest paid during the year	–	164,357

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

Restricted deposits with Wells Fargo Bank amounting to and $165,209 as at the year ended March 31, 2017 and 2016 have not been considered as cash and cash equivalents in the Statement of Cash Flows.

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 the United States Dollar.

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) which 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 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.

1.4 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, sale of 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.

License fee revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the license fee is fixed and determinable, and the collection of the fee is probable. Arrangements to deliver software products generally have three elements : license, implementation, and Annual Technical Services (ATS). The Company has applied the principles in 605 to account for revenue from these multiple element arrangements. Vendor specific objective evidence (VSOE) of fair value has been established for ATS. VSOE of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement, the revenue from such contracts are allocated to each component of the contract using the residual method, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of an established VSOE of fair value for implementation, the entire arrangement fee for license and implementation is recognized as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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 Research, development and cost of software package

The Company expense research costs as and when the same are incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, we have the intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs 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. Research and development costs, and costs software package incurred under contractual arrangements with customers are accounted as cost of revenues.

1.10 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, 2017, 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.

1.11 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, 2017 and 2016 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.

1.12 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 31, 2017, 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, 2017.

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 US $ 2 million and goodwill of US $ 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:

in US $

Particulars	2017	2016
Cash and bank balances[(1)]	8,313,231	4,995,182
	8,313,231	4,995,182

(1) The Company was 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 or insurance companies. Cash and bank balances includes the insurance premium collected from policyholders on behalf of the customer, amounting to nil as at March 31, 2017 (US $ 165,209 as at March 31, 2016). Accordingly, the Company has recognized a liability towards payment of insurance premium in its Balance Sheet as at March 31, 2017 and 2016, respectively for the same amount.

6. Accounts receivable

Accounts receivable as on March 31, 2017 and 2016 is US $ 9,105,641 and US $ 5,842,221, 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 March 31, 2017 and March 31, 2016, the Company has made allowance amounting to US $ 60,726 and US $ 191,647, respectively, towards doubtful accounts receivable.

The age profile of accounts receivable as on March 31 is as follows:

in US $

Period in days	2017	2016
0-30	6,805,574	4,444,930
31-60	1,588,290	1,396,673
61-90	513,782	618
More than 90	197,995	–
	9,105,641	5,842,221

Receivables includes dues from related parties amounting to US $ 16,596 and nil as at March 31, 2017 and March 31, 2016, respectively *(Refer to Note 19)*.

7. Prepayment and other assets

Prepayment and other assets as on March 31 consist of the following:

in US $

Particulars	2017	2016
Current		
Prepaid expenses	7,673,594	18,183
Rental and maintenance deposits	3,000	3,000
Other current assets	95,264	510,472
	7,771,858	531,655
Non-current		
Prepaid expenses	28,720	–
Rental and maintenance deposits	86,760	86,760
	115,480	86,760
	7,887,338	618,415

8. Plant and equipment, net

Plant and equipment as on March 31 consist of the following:

in US $

Particulars	2017	2016
Computer equipment	6,973,807	6,476,608
Office furniture and equipment and leasehold improvements	1,126,457	997,092
	8,100,264	7,473,700
Accumulated depreciation	(6,415,249)	(5,701,331)
	1,685,015	1,772,369
Capital work-in-progress	2,544	113,374
	1,687,559	1,885,743

Depreciation expense amounted to US $ 791,647 and US $ 766,203 for the year ended March 31, 2017 and March 31, 2016, 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 :

in US $

Particulars	2017	2016
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 US $ 37 million and a contingent consideration of up to US $ 20 million. The fair value of the contingent consideration and its undiscounted value on the date of acquisition were US $ 8.6 million and US $ 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 the Management's estimates and an independent appraisal of fair values as follows, on the date of acquisition :

in US $

Component	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, 2017 and March 31, 2016 consist of the following :

in US $

Particulars	Customer contracts and relationships	Computer software platform
March 31, 2017		
Gross carrying value	11,300,000	2,950,000
Less : Accumulated amortization	9,299,072	2,950,000
Net carrying value	2,000,928	–
March 31, 2016		
Gross carrying value	11,300,000	2,950,000
Less : Accumulated amortization	7,963,516	2,950,000
Net carrying value	3,336,484	–

The aggregate amortization expense for the year ended March 31, 2017 and March 31, 2016 amounted to US $ 1,335,556 and US $ 1,335,556, respectively.

The estimated amortization expense for intangible assets for each of the two succeeding annual years is the US $ 1,230,556 and US $ 770,372, respectively.

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:

in US $

Particulars	Before push-down	After push-down
Goodwill	–	29,897,694
Intangible assets	–	13,100,000
Retained earnings	17,973,582	–
Contingent consideration payable[(1)]	–	(8,600,000)
Additional paid-in capital	–	(16,424,112)
	17,973,582	17,973,582

(1) During the year ended December 2013, Infosys BPO Limited had revisited the probability of the payout of contingent consideration to the Company, since it had not been able to achieve the targets as mentioned in the MIPA. Accordingly, the contingent consideration payable by Infosys BPO was reversed, leading to a reversal of the contingent consideration to the extent of US $ 2,030,000.Further US $ 1,161,000 pertaining to performance bonus and US $ 1,541,374 pertaining to the interest component of contingent consideration payable had been reversed in the year ended December 31, 2013.

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 in Atlanta expires on June 30, 2018 and for office space in Des Moines expires on December 22, 2021. 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 US $ 858,521 and US $ 810,395 during the year ended March 31, 2017 and 2016, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31 are:

in US $

Financial year	2017	2016
FY 2017	–	808,194
FY 2018	1,088,357	808,194
FY 2019	492,314	212,151
FY 2020	280,163	–
FY 2021	280,163	–
FY 2022	203,344	–

11. Trade payables

Trade payables as on March 31 are as follows:

in US $

Particulars	2017	2016
Dues to related parties *(Refer to Note 19)*	436,339	950,232
Other trade payables	260,761	13,797
	697,100	964,029

12. Provisions

Provisions as on March 31 are as follows:

in US $

Particulars	2017	2016
Provision for service level risk on revenue contracts	780,672	1,006,276

13. Other liabilities

Other liabilities as on March 31 consist of the following:

in US $

Particulars	2017	2016
Accrued compensation to staff	1,033,321	1,357,679
Provision for expenses[(1)] (includes amount for related parties) *(Refer to Note 19)*	13,383,108	3,547,787
Rent holiday accrual	345,562	430,607
Due to carrier / insurance provider *(Refer to Note 5)*	–	165,209
Others (includes dues to related parties) *(Refer to Note 19)*	129,818	1,612
	14,891,809	5,502,894

(1) Provision for expenses at March 31, 2017 primarily consists of professional charges and audit fees US $ 243,394, computer and software costs US $ 11,127,410 contract labor US $ 495,535, postage and other communication costs US $ 797,696, employee health insurance US $ 486,472 and others US $ 232,601.

Provision for expenses at March 31, 2016 primarily consists of professional charges and audit fees US $ 495,450, computer and software costs US $ 722,991, contract labor US $ 577,243, postage and other communication costs US $ 744,432, employee health insurance US $ 504,000 and others US $ 503,671.

14. Financial Instruments

The carrying value and fair value of financial instruments by categories is as follows:

in US $

Particulars	As at			
	March 31, 2017		March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents *(Refer to Note 5)*	8,313,231	8,313,231	4,995,182	4,995,182
Accounts receivables *(Refer to Note 6)*	9,105,641	9,105,641	5,842,221	5,842,221
Unbilled revenue	9,827,227	9,827,227	1,249,544	1,249,544
Other financial assets	125,267	125,267	111,981	111,981
Total	27,371,366	27,371,366	12,198,928	12,198,928
Liabilities				
Trade payable *(Refer to Note 11)*	697,100	697,100	964,029	964,029
Provision for expenses *(Refer to Note 13)*	13,383,108	13,383,108	3,547,787	3,547,787
Accrued compensation to staff *(Refer to Note 13)*	1,033,321	1,033,321	1,357,679	1,357,679
Other financial liabilities *(Refer to Note 13)*	129,818	129,818	166,821	166,821
Total	15,243,347	15,243,347	6,036,316	6,036,316

15. Operating expenses

Operating expense for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Employee benefit expenses	27,733,308	26,802,628
Cost of technical sub-contractors	8,152,254	12,053,891
Office expenses	333,814	369,098
Depreciation and amortization expense	2,127,203	2,101,760
Cost of software packages	21,762,341	1,730,303
Rent *(Refer to Note 10)*	858,521	810,395
Travel expenses	396,298	403,494
Communication expenses	1,220,422	1,251,639
Professional charges	608,521	1,196,751
Insurance charges	98,189	198,566
Postage and couriers	3,376,337	4,180,820
Other expenses	240,563	659,520
	66,907,771	51,758,865

Function-wise classification of operating expenses for the year ended March 31, 2017 and 2016 are as follows:

in US $

Year ended March 31, 2017	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	24,230,634	2,624,050	878,624	27,733,308
Cost of technical subcontractors	8,152,254	–	–	8,152,254
Office expenses	9,602	324,129	83	333,814
Depreciation	791,647	–	–	791,647
Cost of software packages	20,758,717	973,624	30,000	21,762,341
Rent	837,898	20,623	–	858,521
Travel expenses	270,180	27,685	98,433	396,298
Communication expenses	67,000	1,147,439	5,983	1,220,422
Professional charges	298,043	310,478	–	608,521
Insurance	72,700	25,489	–	98,189
Postage and courier	–	3,376,337	–	3,376,337
Other expenses	40,799	166,302	33,462	240,563
	55,529,474	8,996,156	1,046,585	65,572,215

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	11,884,730	169,161	–	12,053,891
Office expenses	165,149	203,675	274	369,098
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	71,239	1,171,563	8,837	1,251,639
Professional charges	1,127,831	67,920	1,000	1,196,751
Insurance	183,088	15,478	–	198,566
Postage and courier	–	4,180,820	–	4,180,820
Other expenses	18,197	555,488	85,835	659,520
	40,391,744	8,804,638	1,226,927	50,423,309

16. Finance expenses

Interest expenses for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Interest expense on loans from related parties	–	22,583
	–	22,583

17. Other expenses

Other expenses for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Exchange differences	30,275	16,689
Loss on sale of plant and equipment	–	6,276
	30,275	22,965

18. 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:

in US $

Particulars	2017	2016
Current taxes	45,966	25,209
Deferred taxes	836,320	(9,818,709)
Income tax expense	882,286	(9,793,500)

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

in US $

Particulars	2017	2016
Profit before incomes taxes	2,910,246	2,610,493
Effective tax rate	36%	35%
Computed expected tax expense	1,046,773	923,381
Temporary differences	(663,338)	(666,540)
Permanent differences	10,514	9,780
Adjustment for carry-forward of losses	(356,050)	(241,412)
Tax withheld by foreign customers	15,412	–
Effect of true up of previous year taxes	(7,345)	–
Income tax expense	45,966	25,209

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 as follows:

in US $

Particulars	2017	2016
Deferred tax assets		
Carry forward business losses	7,940,097	8,102,309
Accruals	283,761	364,274
Accrued compensation	216,414	261,131
Deferred rent	125,606	155,881
Depreciation and amortization	1,743,565	1,585,623
Others	58,519	84,245
	10,367,962	10,553,463
Deferred tax liability		
Goodwill	(3,771,379)	(3,243,829)
Prepaid expenses	(115,634)	(6,582)
Accruals including contingent consideration reversal	(3,489,439)	(3,475,222)
Total deferred tax liability	(7,376,452)	(6,725,633)
Less: Valuation allowance	–	–
Deferred tax asset / (liability), net	2,991,510	3,827,830

The ultimate realization of deferred tax assets is dependent upon the Management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The 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 US $ 22,515,918 and US $ 23,594,859 available to offset future taxable income as on March 31, 2017 and 2016, respectively. The 2017 carryforward losses will expire by 2035.

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The 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, the Management believes that it is more likely than not the Company will realize the benefit of any deductible differences at March 31, 2017.

19. Related party transactions

(a) The Company has identified the following to be related parties

Key Management personnel

Mr. Anup Uppadhayay, Chairman and Director[(1)]

Mr. Anantharaman Radhakrishnan[(2)]

Mr. Deepak Bhalla, Director[(1)]

Mr. Nishit Ajitkumar Shah, Director[(2)]

Mr. Ravikumar S., Director[(1)]

Mr. Kapil Jain, Director

Mr. Gordon Beckham, Chief Executive Officer and Director

Mr. Rishi Kumar Jain, Chief Operating Officer and Director[(3)]

Mr. Richard Magner, Sales Head and Director

(1) resigned w.ef. July 19, 2016

(2) appointed w.ef. July 19, 2016

(3) resigned w.e.f. October 8, 2016

Enterprise in which Key Management personnel has significant influence

Magner Networks LLC

Other companies within the Group with which the Company had transactions during the year

Infosys Limited, Ultimate holding company (IL)

Infosys BPO Limited, the holding company (IBPO)

Infosys Poland sp.z.o.o [(1)]

Infosys (Czech Republic) Limited s.r.o [(1)]

(1) Wholly-owned subsidiaries of Infosys BPO Limited.

(b) The following is a summary of significant transaction with related parties

in US $

Particulars	Year ended March 31, 2017	
	Key management personnel	Other companies within the Group
Revenue transactions		
Purchase of services from IL	–	191,258
Purchase of services from IBPO	–	5,593,981
Purchase of services from Magner Network, LLC	100,340	–
Purchase of shared services from IL	–	42,137
Purchase of shared services from IBPO	–	88,886
Sale of services to IL	–	38,685
Sale of services to IBPO	–	172,279
Sale of shared services to IBPO	–	541
Remuneration to key managerial personnel	1,030,888	–

Particulars	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	–	1,765,182
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)

(c) The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 are as follows

in US $

Particulars	2017	2016
Trade payables		
Infosys Limited	77,775	13,532
Infosys BPO Limited	358,564	936,700
	436,339	950,232
Trade receivables		
Infosys BPO Limited	16,596	–
	16,596	–
Other payables		
Infosys Limited	43,648	–
	43,648	–
Provision for expense		
Magner Network, LLC	13,210	–
	13,210	–

On January 10, 2011 and March 21, 2011, the Company entered into loan agreements with IBPO SRO Czech to finance the Company's operations, in the amounts of US $ 1,970,000 and US $ 2,000,000, respectively. These loans were subject to a market rate of interest set at 1.28% p.a. for the period of loan inception date to repayment. The Company repaid loan amount of US $ 1,000,000 to Czech during the financial year 2012, US $ 1,970,000 during the financial year 2014 and US $ 1,000,000 during the financial year 2016.

On April 15, 2013, the Company entered into a loan agreement with IBPO Poland to finance the Company's operations, in the amount of US $ 1,000,000. This loan was subject to a market rate of interest set at 1.26% p.a. for the period of loan inception date to repayment. On July 15, 2013, Company entered into another loan agreement with IBPO Poland to finance the Company's operations, in the amount of US $ 2,000,000. This loan was subject to a market rate of interest set at 1.88% p.a. for the period of loan inception date to repayment. The Company repaid loan amount of US $ 3,000,000 during the financial year 2016.

20. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2017 and March 31, 2016.

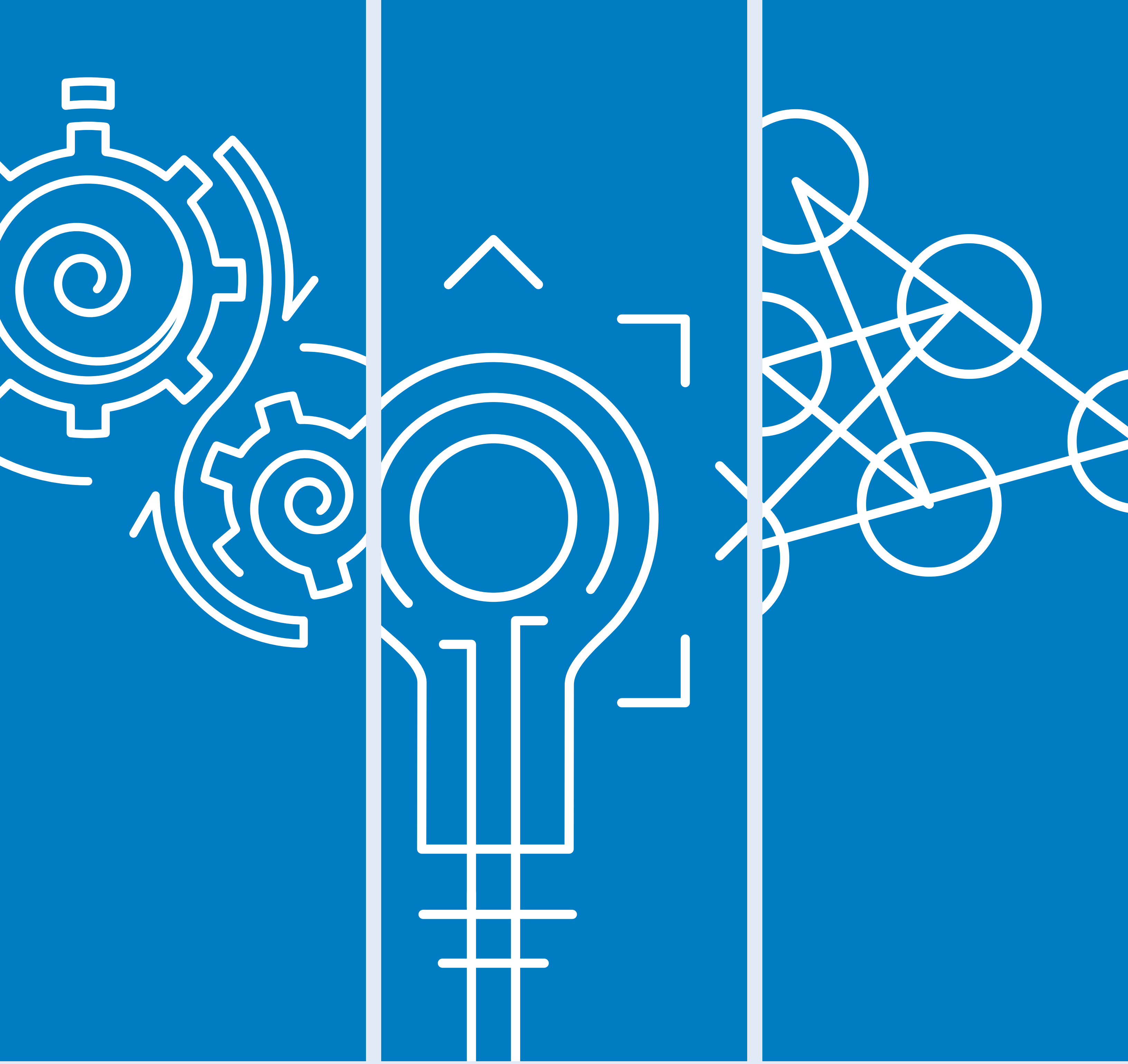
The estimated amount of contracts remaining to be executed on capital contracts and not provided for as at March 31, 2017 and March 31, 2016 amounts to US $ 544,413 and US $ 338,642, respectively.

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.

21. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2017 up through May 5, 2017, 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.



Infosys Technologies S. de R. L. de C. V.

Independent Auditors' Report

(Translation from Spanish Language Original)

The Board of Directors and Stockholders

Infosys Technologies, S. de R. L. de C. V. :

Opinion

We have audited the financial statements of Infosys Technologies, S. de R. L. de C.V. (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, the statements of profit or loss, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Infosys Technologies, S. de R. L. de C.V. as at December 31, 2016 and 2015, and its results and its cash flows for the years then ended, in accordance with Mexican Financial Reporting Standards (FRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the notes 3(j) and 6 to the accompanying financial statements, for the years ended December 31, 2016 and 2015, the Company carried out significant transactions with related parties. Additionally, related parties payables balances as of December 31, 2016 and 2015 represent 6% and 31%, respectively, of total of liabilities.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with FRS, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG CARDENAS DOSAL, S. C.
Nancy J. Palomares Montemayor

April 28, 2017.
Monterrey, N.L., México

Statement of Financial Position

in Pesos

Particulars	As at December 31,	
	2016	2015
ASSETS		
Current assets		
Cash	152,207,930	99,455,518
Accounts receivable, net *(Refer to Note 5)*	235,350,981	211,542,374
Other receivables	5,100,586	2,900,472
Prepayments	9,468,074	8,434,991
Total current assets	402,127,571	322,333,355
Furniture and equipment, net *(Refer to Note 7)*	20,806,110	24,626,109
Deferred employee statutory profit sharing *(Refer to Note 11)*	8,871,576	9,566,704
Deferred income taxes *(Refer to Note 11)*	28,381,126	29,042,155
Guarantee deposits	2,276,329	1,962,625
	462,462,712	387,530,948
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	8,339,311	1,946,164
Accruals *(Refer to Note 10)*	37,858,799	38,399,107
Taxes payable *(Refer to Note 8)*	44,505,582	39,516,533
Employee statutory profit sharing *(Refer to Note 11)*	13,033,130	10,706,846
Related parties *(Refer to Note 6)*	8,475,162	42,939,118
Deferred revenue *(Refer to Note 3i)*	19,094,357	4,042,083
Total current liabilities	131,306,341	137,549,851
Employee benefits *(Refer to Note 9)*	1,429,784	1,390,271
Total liabilities	132,736,125	138,940,122
Stockholders' equity *(Refer to Note 12)*		
Capital stock	175,000,000	175,000,000
Retained earnings	154,726,587	73,590,826
Total stockholders' equity	329,726,587	248,590,826
Commitments and contingent liabilities *(Refer to Note 13)*	–	–
	462,462,712	387,530,948

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

Statement of Income

in Pesos

Particulars	As at December 31,	
	2016	2015
Service revenues *(Refer to Note 6)*	748,103,547	649,767,144
Operating expenses		
Salaries and related costs	382,655,424	310,692,542
Services *(Refer to Note 6)*	151,082,423	172,862,139
Rents	28,685,582	28,043,670
Depreciation	10,476,950	12,959,212
Employee statutory profit-sharing	12,961,990	6,938,232
Other	50,573,103	56,998,928
Total operating expenses	636,435,472	588,494,723
Operating income	111,668,075	61,272,421
Comprehensive financial results		
Foreing exchange gain, net	7,484,092	5,787,255
Interest income	90,292	59,200
Comprehensive financial results, net	7,574,384	5,846,455
Income before income taxes	119,242,459	67,118,876
Income taxes *(Refer to Note 11)*	38,106,697	23,423,363
Net income	81,135,761	43,695,513

Statement of Changes in Stockholders Equity

in Pesos

Particulars	Capital stock	Retained earnings	Total stockholders' equity
Balances as of December 31, 2014	175,000,000	29,895,313	204,895,313
Net comprehensive income *(Refer to Note 12 b)*	–	43,695,513	43,695,513
Balances as of December 31, 2015	175,000,000	73,590,826	248,590,826
Net comprehensive income *(Refer to Note 12 b)*	–	81,135,761	81,135,761
Balances as of December 31, 2016	175,000,000	154,726,587	329,726,587

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

Statement of Cash Flows

in Pesos

Particulars	As at December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	119,242,459	67,118,876
Items relating to investing activities		
Depreciation	10,476,950	12,959,212
Interest income	(90,292)	(59,200)
Sub-total	129,629,117	80,018,888
Accounts receivable and deferred revenue	(8,756,333)	(92,693,818)
Infosys Technologies Ltd.	(34,463,956)	42,612,012
Other receivables and prepayments	(3,233,197)	(1,492,616)
Guarantee deposits	(313,704)	(199,766)
Trade accounts payable	6,393,147	306,297
Accruals	(540,308)	25,857,055
Taxes payable	8,177,916	(1,532,070)
Income taxes paid	(40,634,536)	(30,834,139)
Employee statutory profit-sharing	3,021,412	3,544,388
Net periodic cost from termination and retirement benefits	1,395,645	503,939
Payments for termination and retirement benefits	(1,356,132)	(289,860)
NET CASH PROVIDED BY OPERATING ACTIVITIES	59,319,071	25,800,310
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	90,292	59,200
Acquisition of furniture and equipment	(6,656,951)	(13,159,228)
NET CASH USED IN INVESTING ACTIVITIES	(6,566,659)	(13,100,028)
Cash surplus to be applied in financing activities and net increase in cash and cash equivalents	52,752,412	12,700,282
CASH AND CASH EQUIVALENTS		
At the beginning of year	99,455,518	86,755,236
At the end of year	152,207,930	99,455,518

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

Notes to financial statements

1 Description of business

Infosys Technologies, S. de R. L. de C. V. ('the Company') is a company incorporated under the laws of Mexico. The address of the Company's is Boulevard Gustavo Díaz Ordaz 130 West, 16th floor, Santa María, Monterrey, Nuevo León. The Company is a subsidiary of Infosys Ltd., and its main activity is the provision of advice and operational support personnel trained in the area of design, development, implementation and adaptation of business solutions related to information technology.

2 Financial statement authorization and presentation

Authorization

On April 28, 2017, Ravi Arcot, Expedition and Operations Leader and Diego Olguín Rocha, Finance Officer, authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of the Company, the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval.

Basis of preparation

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (FRS).

(b) Use of estimates and judgment

The preparation of financial statements requires the Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of furniture and equipment; valuation allowances for accounts receivable, and deferred income tax assets and liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

(c) Functional and reporting currency

The aforementioned financial statements are presented in the Mexican Peso (reporting currency), which is the same as the local currency but different from the functional currency and were not remeasured or translated into the functional currency because, such financial statements are issued only for legal and tax purposes.

(d) Statement of income presentation

The Company presents comprehensive income in a single statements of net income or loss entitled 'Income Statement', given that the Company did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer. Additionally, the 'Operating income' line item is included, which results from subtracting the expenses from service income as this line item is considered to provide a better understanding of the Company's economic and financial performance.

3 Summary of significant accounting policies

The following accounting policies have been applied consistently by the Company to all periods presented in these financial statements :

(a) Cash

Cash and cash equivalents consist of checking accounts, and foreign currency. At the date of the financial statements, interest income and foreign exchange gains and losses are included in the statement of comprehensive income.

(b) Accounts receivable

Accounts receivable are recognized according to the percentage of completion of service to the date of the statement of financial position and include amounts billed and unbilled net of provisions for returns and discounts and the allowance for doubtful accounts.

(c) Furniture and equipment, net

Furniture and equipment are recorded at acquisition cost.

Depreciation on furniture and equipment is calculated on the straight-line method over the estimated useful lives of the assets as determined by the Company's Management. The total useful lives annual depreciation rates of the principal asset classes are as follows :

	Years	Rates
Furniture and equipment	5	20%
Computer equipment	2-5	50-20%

Minor repairs and maintenance costs are expensed as incurred.

(d) Prepayments

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

(e) Impairment of furniture and equipment

The Company evaluates the net book value of furniture and equipment to determine the existence of indications that such value exceeds its recoverable value. The recovery value represents the amount of potential net income that is reasonably expected to be obtained as a result of the use or realization of such assets. If it is determined that the net book value exceeds the recoverable value, the Company records the necessary estimates.

(f) Accruals

Based on the Management's estimates, the Company recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, principally services and other amounts payable to employee.

(g) Employee benefits

Short-term direct benefits

Short-term direct employee benefits are recognized in the results of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Company has a legal or assumed obligation to pay this amount as a result of past services provided and the liability can be reasonably estimated.

Direct long-term benefits

The Company's net obligation in relation to long-term direct profits (except for deferred PTU - Refer to sub-section (h) Income taxes and employee profit-sharing) and which the Company is expected to pay after 12 months from the most recent Balance Sheet date is the amount of future benefits that employees have earned in exchange for their service in the current and prior years. This benefit is discounted to determine its present value. Reimbursements are recognized in the Income Statement in the period in which they accrue.

Termination benefits

A liability for termination benefits and a cost or expense is recognized when the Company has no realistic alternative other than to face the payments or cannot withdraw the offer of those benefits, or when it meets the conditions to recognize the costs of a restructuring, whichever comes.

Post-employment benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in the Income Statement as the related services are provided by employees. Prepaid contributions are recognized as an asset to the extent that down payment results in a reduction in payments to be made in the future or a cash refund.

Defined benefit plans

The calculation of obligations by defined benefit plans is performed annually by qualified actuaries using the projected unit credit method.

When the calculation results in a possible asset for the Company, the asset recognized is limited to the present value of the available economic benefits in the form of future refunds of the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, any minimum funding requirement should be considered.

The labor cost of the current service, which represents the cost of the benefit period to the employee for having completed one more year of working life based on the benefit plans is recognized in the costs and operating expenses. Net interest is recognized under the 'Comprehensive financing result, net'.

Changes to plans that affect the cost of past services are recognized in operating results immediately in the year in which the change occurs, with no possibility of deferral in subsequent years. Likewise, the effects of liquidation events or reduction of obligations in the period that significantly reduce the cost of future services and / or significantly reduce the population subject to benefits, respectively, are recognized in the results of operations.

Remedies (before actuarial gains and losses) resulting from differences between the projected and actual actuarial assumptions at the end of the period are recognized in the period in which the results of the period are incurred.

(h) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)

IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS 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, and in the case of IT, for operating loss carry forwards and other recoverable tax credits. Deferred tax and ESPS 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 on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized on the Statement of Income in the period that includes the enactment date.

(i) Revenue recognition

Revenues from services are recognized as services are provided.

The revenue from contracts hours spent related with management services and / or technical application support in the information centers or customer business place, are recognized in the period were made based on the hours spent on the projects and pre-negotiated fixed fees for the respective project.

Revenues from fixed-price contracts are recognized by the percentage of completion method. Based on the percentage of completion method, income is recognized on the basis of cost incurred to date, obtaining a percentage of the total estimated costs to complete the contract. No revenue is recognized when there is significant doubt about the recoverability. If there are projections that will change the estimated income, or costs, or if the process is extended to conclude the contract, checks are performed to determine the new estimates. These revisions may result in increases or decreases on income and estimated costs, which are recognized in income for the period relative.

If during the term of the projects, the Company estimates that the costs incurred plus costs to be incurred exceed the total revenue, the estimated loss is recognized in operating results immediately.

Costs and incurred gains unbilled are recognized under the caption receivables unbilled, while revenue in excess of costs and earnings is recognized as deferred income and is presented in current liabilities until all the conditions required for the revenue recognition are met.

Maintenance revenues are recognized proportionally according to the contractual terms.

The Company makes estimates for after-sales services for certain customers to provide support in case of bug fixes, volume discounts, among other reservation time.

(j) Business and credit concentration

Expenses for administrative services with related parties as of December 31, 2016 and 2015 amounted to 17% and 20%, respectively, of total operating expenses. In addition, balances payable to related parties as of December 31, 2016 and 2015 represent 6% and 31% of total liabilities, respectively.

(k) Comprehensive financial results (CFR)

The CFR includes foreign exchange and interest.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the Statement of Financial Position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the Income Statement.

(l) Contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

4 Foreign currency exposure and translation

Monetary assets and liabilities denominated in Dollars, Euros, and Pound Sterling translated into the reporting currency, as of December 31, 2016 and 2015, were as follows:

December 31, 2016	Pound Sterling	Dollars	Euros
Assets	2,187,076	193,850,553	3,643,245
Liabilities	–	25,756,548	–
Net assets	2,187,076	168,093,905	3,643,245

December 31, 2015	Pound Sterling	Dollars	Euros
Assets	3,153,344	124,099,225	4,956,732
Liabilities	–	48,024,039	–
Net assets	3,153,344	76,075,186	4,956,732

As at December 31, 2016 and 2015 are registered Pesos 7,848,092 and Pesos 5,787,255 of foreign exchange gain respectively.

The exchange rates used in the various translation processes to the reporting currency are as follows:

Country	Currency	Exchange rate	
		2016	2015
United States of America	Dollars	21.9065	17.2065
European Union	Euros	22.9452	18.8755
England	Pound Sterling	27.0161	25.5069
India	Rupee	3.1000	3.9400

As at December 31, 2016, the Company did not have foreign exchange hedging instruments.

5 Accounts receivable

Accounts receivable as at December 31, 2016 and 2015 consists of the following:

in Pesos

Particulars	As at December 31,	
	2016	2015
Billed accounts receivable	223,395,255	210,757,821
Unbilled receivables	21,038,631	27,520,472
	244,433,886	238,278,293
Less		
Provision for discount to customers	(8,425,396)	(16,366,837)
Allowance for doubtful accounts	(657,509)	(10,369,082)
Sub-total	(9,082,905)	(26,735,919)
	235,350,981	211,542,374

6 Related parties

Transactions carried out with related parties during the years ended, December 31, 2016 and 2015, were as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Revenues for consulting and implementation provided to customers on behalf of its related party. (1)	58,169,327	33,930,727
Expenses for specialized personnel services in project implementation. (2)	108,227,028	119,241,905

(1) Infosys Limited, Infosys BPO Limited, Infosys Tecnologia DO Brasil Ltda., Infosys Consulting AG, Infosys Consulting S.R.L., Panaya Inc

(2) Infosys Limited, Infosys BPO Limited, Lodestone Management Consultants Inc.

Balance payable to related parties are as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Infosys Limited	3,479,690	29,726,740
Infosys BPO Limited	248,323	335,780
Lodestone Consulting LTD	4,747,149	12,876,598
	8,475,162	42,939,118

7 Furniture and equipment

Furniture and equipment comprise the following:

in Pesos

Particulars	As at December 31,	
	2016	2015
Furniture and equipment	65,535,494	65,093,425
Computer equipment	62,436,885	56,220,001
	127,972,379	121,313,426
Less: Accumulated depreciation	(107,166,269)	(96,737,042)
Construction–in-progress	–	49,725
	20,806,110	24,626,109

8 Taxes payable

Taxes payable consist of the following:

in Pesos

Particulars	As at December 31,	
	2016	2015
Income tax	–	2,457,825
Income tax withheld to third parties	7,876,906	6,996,433
Value added tax	27,186,840	21,613,208
Social security contributions	9,441,836	8,449,067
	44,505,582	39,516,533

9 Employee benefits

The components of defined benefit cost are as follows:

in Pesos

Particulars	Seniority bonus		Legal indemnification	
	As at December 31,		December 31,	
	2016	2015	2016	2015
Current service cost	188,741	152,411	182,996	156,862
Net interest on GNPD	50,917	39,635	55,506	44,270
Labor cost of past service generated in the year	5,431	–	6,879	–
Remedies of GNPD recognized in profit or loss period	(150,395)	(70,552)	1,055,570	181,283
Cost of defined benefits	94,694	121,524	1,300,951	382,415
Initial remeasurement balance of GNPD	–	–	–	–
Remedies generated in the year	(150,395)	(70,552)	1,055,570	181,283
Recognized GNP remedies in the Income Statement period	150,395	70,552	(1,055,570)	(181,283)
Final balance of GNP remeasures	–	–	–	–

in Pesos

Particulars	Seniority bonus		Legal indemnification	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Starting balance of GNPD	622,200	500,676	768,071	675,516
Cost of defined benefits	94,694	121,524	1,300,951	382,415
Payments under the GNPD	(66,848)	–	(1,289,284)	(289,860)
Ending balance of GNPD (1)	650,546	622,200	779,738	768,071
(1) Net liabilities for defined benefits				

The financial situation of the defined benefit obligation is as follows:

in Pesos

Particulars	Seniority bonus		Legal indemnification	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Financial situation of the obligation	650,046	622,200	779,738	768,071

in Pesos

Particulars	As at December 31,	
	2016	2015
Nominal discount rate used to reflect the present value of retirement obligations	8.16%	6.65%
Nominal increase rate in future salary levels (1)	6.08%	6.08%
Remaining average working life of workers (applicable to retirement benefits)	18 years	17 years
(1) Includes salary career concept.		

10 Accruals

Accruals at December 31, 2016 and 2015 include the following:

in Pesos

Particulars	Vacations	Sub-contracting and others	Other personnel benefits	Total
Balances at December 31, 2015	6,729,962	22,647,114	9,022,031	38,399,107
Increases recorded in earnings	7,263,652	233,913,572	11,081,497	252,258,721
Payments	(5,253,629)	(235,987,433)	(11,557,967)	(252,799,029)
Balances at December 31, 2016	8,739,985	20,573,253	9,384,243	37,858,799

11 Tax on earnings (Income Tax (IT) and employee statutory profit sharing (ESPS))

IT law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

(a) Tax on earnings

The income tax expense is as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Current IT	37,445,668	32,094,241
Deferred IT	661,029	(8,670,878)
	38,106,697	23,423,363

Income tax expense attributable to income before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Computed 'expected' tax expense	37,772,737	20,135,663
Increase (reduction) resulting from		
Effects of inflation, net	(2,655,226)	(1,415,472)
Non-deductible expenses	6,085,925	5,007,276
Other, net	(1,096,739)	(304,104)
IT expense	38,106,697	23,423,363

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2016 and 2015, are as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Deferred tax assets		
Allowance for doubtful receivables	197,252	3,110,725
Provisions for accounts receivable	2,527,619	4,910,051
Furniture and equipment	9,372,994	10,060,395
Accruals	13,005,918	12,712,797
Employee benefits	428,935	417,081
Deferred revenues	5,728,307	1,212,625
Provisions for vacations	2,621,996	2,018,989
Total gross deferred tax assets	33,883,021	34,442,663
Deferred tax liabilities		
Prepayments	2,840,422	2,530,497
Deferred ESPS	2,661,473	2,870,011
Total gross deferred tax liabilities	5,501,895	5,400,508
Net deferred tax asset	28,381,126	29,042,155

(b) Deferred ESPS

The deferred ESPS benefit is as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Deferred ESPS	695,128	(2,796,904)

The effects of ESPS on temporary differences that give rise to significant portions of deferred ESPS assets and liabilities as of December 31, 2016 and 2015 are detailed as follows:

in Pesos

Particulars	As at December 31,	
	2016	2015
Deferred ESPS assets		
Allowance for doubtful receivables	65,751	1,036,908
Provisions for accounts receivable	842,540	1,636,684
Furniture and equipment	2,951,687	3,353,465
Accruals	3,031,993	3,166,915
Employee benefits	142,978	139,027
Deferred revenues	1,909,436	404,208
Provisions for vacations	873,999	672,996
Total gross deferred tax assets	9,818,384	10,410,203
Deferred tax liabilities		
Prepayments	946,808	843,499
Total gross deferred tax liabilities	946,808	843,499
Net deferred tax asset	8,871,576	9,566,704

12 Stockholders' equity

The principal characteristics of stockholders' equity are as follows:

(a) Structure of capital stock

The Company's capital stock as at December 31, 2016 and 2015 is composed of two social parties, fixed and variable. Social fixed portion has a value of Pesos 10,000,000 and variable portion of Pesos 165,000,000.

(b) Comprehensive income

During the years ended December 31, 2016 and 2015, there were no items that, in accordance with FRS applicable, have to be taken directly to equity. So the comprehensive income equals net income for the year, as presented in Income Statements.

(c) Restrictions on stockholders' equity

According to the General Corporations Law, net income for the year is subject to a 5% separation, to constitute the legal reserve, until it reaches a fifth of the capital stock.

As of December 31, 2016, the legal reserve amounts to Pesos 1,595,560 that has not reached the required amount.

Stockholder contributions restated as provided for by the tax law, may be refunded to stockholders tax-free, to the extent that such contributions equal or exceed stockholders' equity.

Retained earnings on which no IT have been paid, are subject to income taxes in the events of distribution, at the rate of 30% payable by the Company, consequently, the stockholders may only receive 70% of such amounts.

13 Commitments and contingent liabilities

a. The Company leases the premises that occupy its administrative offices, in accordance with leases with definite terms. Total rent expense amounted to Pesos 28,685,582 in 2016 and Pesos 28,043,670 in 2015 and is included in operating expenses in the Statements of Income. The amount of the annual rent payable from 2017 to 2018, derived from leases with defined validity, is as follows:

in Pesos

Year	Monterrey office	México office
2017	23,833,851	7,634,170
2018	24,310,527	3,244,525
	48,144,378	10,878,695

b. In accordance with the Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

c. In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's length transactions.

d. Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

e. The Company entered into a contract to provide services to its parent company, in which it undertakes to provide services necessary for their operation. These contracts are for an indefinite period. Total payments for this concept was Pesos 108,227,028 in 2016 and Pesos 119,241,905 in 2015 and included in operating expenses in the Income Statement.

f. There is a contingent liability arising from the labor obligations mentioned in Note 3(g).

14 Recently issued financial reporting standards

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the FRS and Improvements listed as follows:

FRS C-3 'Accounts Receivable'- FRS C-3 is effective for years beginning January 1, 2018, and is applicable retrospectively; however, early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the adoption of FRS C-20 - Financing Instruments Receivable'. Some of the primary changes resulting from the adoption of this FRS are as follows:

- FRS C-3 provides that accounts receivable based on a contract are deemed financial instruments. On the other hand, some other accounts receivable, resulting from legal or tax provisions, may include certain characteristics of a financial instrument, such as bearing interest, though these are not deemed financial instruments.
- FRS C-3 sets out that the allowance for doubtful trade receivables shall be recognized as revenue is earned. Thus, the allowance shall be recorded as expenses in the statement of comprehensive income.
- FRS C-3 provides that, from initial recognition, the time value of money shall be considered. Therefore, should the effect of the present value of the account receivable be significant in light of its term, an adjustment must be made to take into consideration such present value.
- A reconciliation between the initial and final balances of the allowance for doubtful accounts is required for each period presented.

FRS C-9 'Provisions, Contingencies and Commitments' - FRS C-9 is effective for years beginning on or after January 1, 2018; early adoption is allowed as of January 1, 2016, provided that it takes place concurrently with the initial adoption of FRS C-19 'Financial instruments payable'. FRS C-9 supersedes Bulletin C-9 'Liabilities, Provisions, Contingent Assets and Liabilities and Commitments'. The first-time adoption of this FRS does not produce accounting changes in the financial statements. Some of the main points covered by this FRS include the following:

- Its scope is reduced by moving the subject concerning the accounting treatment of financial liabilities to FRS C-19 'Financial instruments payable'.
- The definition of 'liability' is changed by eliminating the qualifier 'virtually unavoidable' and including the word 'probable'.

- The terminology employed throughout the standard is updated to standardize its presentation to the rest of the FRS.

FRS D-1 'Revenue from Customer contract income' - Establishes standards for recognition accounting for income arising from contracts with customers and enters into force for the years beginning after the 1st of January 2018, allowing its early application as long as it is done in conjunction with the application of FRS D-2 'Costs for contracts with customers'. Eliminates the supplementary application of International Accounting Standard (IAS) 18 'Revenue', SIC 31 'Revenue - Exchange of advertising services', IFRIC 13 'Customer loyalty programs' and IFRIC 18 'Asset transfers from customers'. In addition, this FRS, together with FRS D-2, repeals Bulletin D-7, 'Contracts for the construction and manufacture of certain capital goods' and INIF 14 'Contracts for the construction, sale and rendering of services related to real estate.' Among the main changes are :

- Establishes the transfer of control as the basis for the opportunity for recognition of income.
- Requires identification of the obligations to be fulfilled in a contract.
- Indicates that the allocation of the amount of the transaction between the obligations to be fulfilled, should be made based on the independent selling prices.
- Introduces the concept of 'conditioned receivable'.
- Requires recognition of collection rights.

It establishes requirements and guidance on how to value the variable consideration and other aspects, when performing the valuation of income.

FRS D-2 'Costs from contracts with customers'- Establishes the rules for accounting recognition of costs of sales of goods or services. It enters into force for the exercises that begin from the 1st of January 2018, allowing its early application as long as it is done together with the application of FRS D-1 'Revenue from contracts with customers'. Together with this NIF, it repeals Bulletin D-7, 'Contracts for the construction and manufacture of certain capital goods' and INIF 14 'Contracts for the construction, sale and rendering of services related to immovable property', except as regards recognition of assets and liabilities in these types of contracts within the scope of other FRS.

Its main change is the separation of the regulations regarding the recognition of revenues from contracts with customers, from the corresponding recognition of costs for contracts with customers. In addition, it extends the scope of Bulletin D-7, referring exclusively to costs related to construction and manufacturing contracts for certain capital goods, to include costs related to all types of contracts with customers.

Improvements to FRS 2016

In December 2016, the CINIF issued the document entitled, 'Improvements to FRS 2017', which contains specific changes to some existing FRSs. The main improvements that generate accounting changes are as follows :

FRS D-3 'Employee benefits' - Stipulates that the interest rate to be used in determining the present value of long-term labor liabilities should be a free market rate of, or with very low credit risk, that represents the value of money over time, such as the market rate of government bonds and the market rate of high-quality corporate bonds in absolute terms in a deep market, respectively, and that the rate chosen should be used consistently over time.

Additionally, it allows the recognition of the remeasures in the ORI requiring its subsequent recycling to the net profit or loss or directly in the net profit or loss as of the date on which they originate. These improvements will take effect for the exercises that begin after the 1st of January, 2017, allowing for their early application and accounting changes arising by change in the discount rate should be recognized prospectively and those arising by change in the option of recognition of remeasures should be recognized retrospectively.

The Management believes that the new FRS and the improvements to the FRS will not generate significant effects.

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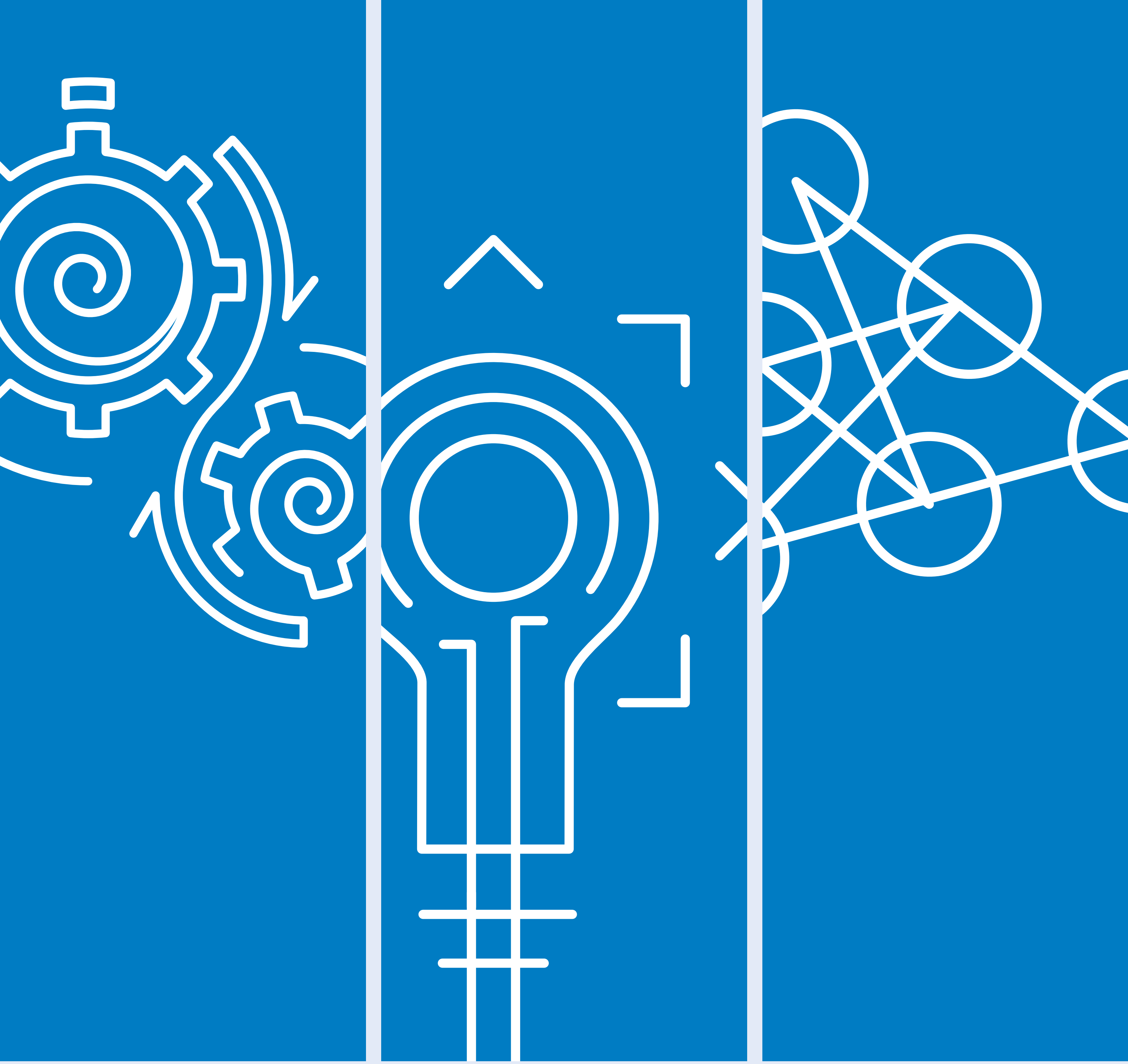


Panaya Ltd.

Independent Auditors' Report

To the Shareholders of Panaya Ltd.

We have audited the accompanying statements of financial position of Panaya Ltd. ('the Company') as of December 31, 2016 and 2015, and the related statements of operations, changes in capital deficiency and cash flows for each of the two years ended on such dates. These financial statements are the responsibility of the Company's Board of Directors and the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditors' 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 the 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, 2016 and 2015, and the results of its operations, its changes in capital deficiency and its cash flows for each of the two years ended on such dates in accordance with accounting principles generally accepted in Israel (Israeli GAAP).

KPMG

Somekh Chaikin
Certified Public Accountants (Isr.)

May 16, 2017

Statement of Financial Position

in NIS thousands

	Note	December 31	
		2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	2B	19,298	67,666
Restricted cash		–	444
Trade receivables		23,866	20,154
Trade receivables - Related parties		62,642	41,262
Other receivables - Related parties		5,357	–
Other receivables		4,767	3,513
Total current assets		115,930	133,039
Property and equipment, net	2D, 3	10,524	3,311
Intangible assets, net	2E	850	–
Accrued severance fund, net of severance pay liability		–	221
Total assets		127,304	136,571
Liabilities net of capital deficiency			
Current Liabilities			
Trade payables		1,024	1,386
Trade payables - Related parties		87,792	41,147
Other payables - Related parties		63,286	65,806
Other payables		6,866	17,006
Employee related payables		20,967	8,549
Deferred revenue		92,425	70,201
Total current liabilities		272,360	204,095
Accrued severance pay, net of severance fund	4	1,102	–
Commitments and contingent liabilities	5		
Total capital deficiency		(146,158)	(67,524)
Liabilities net of capital deficiency		127,304	136,571

Date of approval of financial statements: May 16, 2017

Jake Klein
Chief Executive Officer

The accompanying notes are an integral part of the financial statements.

Statement of Operations

in NIS thousands

	Note	Year ended December 31	
		2016	2015
Revenues	2I	128,461	119,697
Cost of revenues		16,075	16,256
Gross profit		112,386	103,441
Operating expenses			
Research and development	2C, 9A	58,263	40,920
Selling and marketing expenses	9B	110,842	86,627
General and administrative expenses	9C	17,218	24,851
Operating loss		73,937	48,957
Financial expenses, net		5,795	3,043
Other (income) expenses		(1,098)	–
Net loss		78,634	52,000

The accompanying notes are an integral part of the financial statements.

Statement of Capital Deficiency

in NIS thousands

	Share capital	Additional paid in capital	Share based payment capital fund	Payments on account of Shares to be allotted	Accumulated deficit	Total capital deficiency
Balance at January 1, 2015	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)
Changes during 2016						
Net loss					(78,634)	(78,634)
Balance at December 31, 2016	13	79,925	15,863	68,798	(310,757)	(146,158)

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

in NIS thousands

	Year ended December 31	
	2016	2015
Cash flows provided by (used in) operating activities		
Net loss	(78,634)	(52,000)
Adjustment required to reconcile net loss to cash provided by (used in) operating activities		
Depreciation and amortization	1,792	4,796
Increase in trade and other receivables	(31,703)	(46,052)
Increase in trade and other payables	33,623	111,830
Increase in employee related payables	12,418	8,549
Increase in deferred revenue	22,224	27,593
Increase in accrued severance pay, net	1,323	–
Share-based payments	–	7,538
Net cash provided by (used in) operating activities	(38,957)	62,254
Cash flows from investing activities		
Acquisition of fixed assets	(8,684)	(2,103)
Acquisition of intangible assets	(1,171)	–
Decrease in restricted deposits	444	259
Net cash used in investing activities	(9,411)	(1,844)
Cash flows from financing activities		
Repayment of loans	–	(16,261)
Net cash used in financing activities	–	(16,261)
Increase (decrease) in cash and cash equivalents	(48,368)	44,149
Cash and cash equivalents at the beginning of the year	67,666	23,517
Cash and cash equivalents at the end of the year	19,298	67,666
Material non-cash financing transactions		
Conversion of loan into capital	–	2,550

The accompanying notes are an integral part of the financial statements.

Notes to the 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. 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 generally accepted accounting principles in Israel requires the 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 development 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, licenses and trademarks are stated at cost and amortized using the straight-line method over their estimated useful lives of 3 to 4 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.

During 2016, the Company did not incur any share based compensation expenses.

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 an 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

in NIS thousands

	December 31	
	2016	2015
Cost		
Furniture and fixtures	3,205	1,765
Computers and software	9,626	7,579
Leasehold improvements	10,436	5,306
Communication equipment	354	286
	23,621	14,937
Less - Accumulated depreciation	13,097	11,626
	10,524	3,311

Note 4 Liability for severance pay

On February 28, 2015, the Company's employees have signed off on Section 14 of the Severance Pay law – 1963, pursuant to which the Company's regular deposits with pension funds and/or insurance companies release it from any further liability to the employees for whom such deposits are made. Therefore, the financial statements do not include a liability in respect of the amounts that were deposited from that date to cover that liability. As regards to severance pay liability until the sign off, a liability is recognized in the financial statements in respect of the employer's obligation to pay severance pay, which is calculated on the basis of their most recent salary as at Balance Sheet date, multiplied by the employee's years of employment until February 28, 2015, and is presented net of the amounts deposited for severance pay as aforesaid.

Note 5 Commitments and contingent liabilities

A. Lease agreements

The Company had secured a deposit classified as restricted cash in the amount of NIS 444 in connection with a lease agreement for the premises it used during 2015. The deposit was released during 2016.

In March 2015 the Company entered into a 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. During 2016, the Company moved to the new location.

Future minimum lease payments under the lease agreement for the new premises are NIS 245 thousand per month, for a period of four years commencing January 2017.

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

On August 14, 2014 the Parent Company and the Company signed a loan agreement with a certain lender (the Lender'), which allows the Parent Company and the Company to borrow up to a maximum amount of $10 million. In accordance with the loan agreement both companies are liable to pay an annual interest of 12% rate per annum. The Company borrowed an amount of $3 million 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 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 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.

The Company has no liability regarding the loan as at December 31, 2016 and 2015.

Note 7 Stockholders' equity

A. Common Stock

	As at December 31, 2016 and 2015	
	Authorized	Issued and fully paid
	Number of shares	
Ordinary shares NIS 1.00 par value each	10,000	6,000

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, 2016 and 2015 there are no outstanding options held by employees.

Note 8 Taxes on income

A. Presented hereunder are the tax rates relevant to the Company in the years 2015-2016:

2015 – 26.5%

2016 – 25%

On January 4, 2016 the Knesset (Israeli Parliament) passed the Law for the Amendment of the Income Tax Ordinance (Amendment 216) - 2016, by which, inter alia, the corporate tax rate would be reduced by 1.5% to a rate of 25% as from January 1, 2016.

Furthermore, on December 22, 2016 the Knesset plenum passed the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) – 2016, by which, inter alia, the corporate tax rate would be reduced from 25% to 23% in two steps. The first step will be to a rate of 24% as from January 2017 and the second step will be to a rate of 23% as from January 2018.

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 2012.

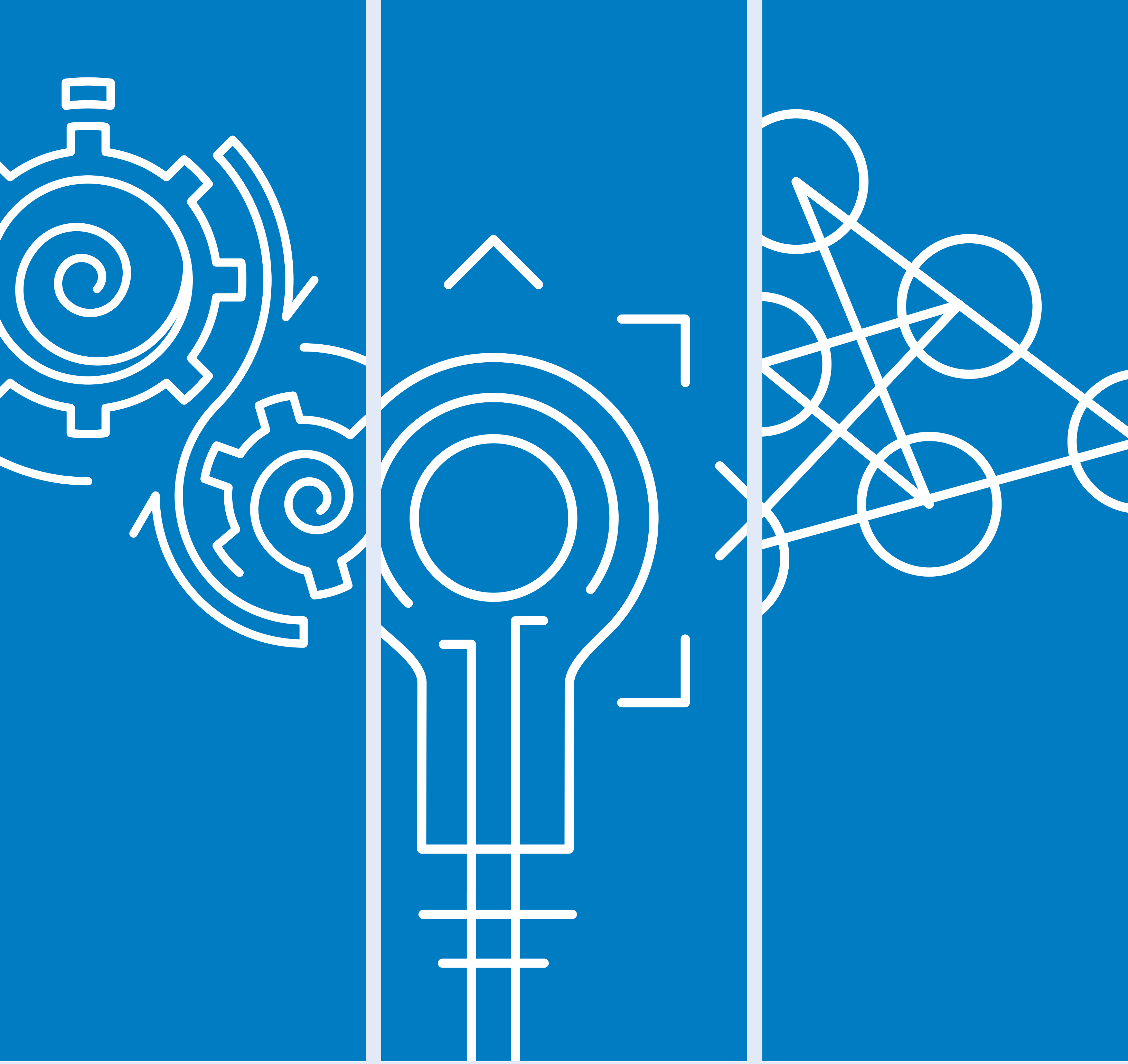
C. As of December 31, 2016, the Company had a net carryforward tax loss of approximately NIS 174 million. Under Israeli tax laws, the carryforward tax losses of the Company can be utilized indefinitely.

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 and 2016.

Note 9 Supplementary Statement of Operations Information

in NIS thousands

	Year ended December 31	
	2016	2015
Research and development costs		
Payroll and related expenses	41,443	28,388
Consultants and related expenses	10,066	3,020
Depreciation and amortization	1,515	1,418
Other	5,239	8,094
	58,263	40,920
Selling and marketing expenses		
Payroll and related expenses	17,051	16,109
Consultants and related expenses	1,365	3,460
Other	24,799	25,518
Related parties	48,260	38,217
Related parties - subcontractors	19,367	3,323
	110,842	86,627
General and administrative expenses		
Payroll and related expenses	12,695	9,900
Consultants and related expenses	781	330
Other	3,742	13,031
Related parties	–	1,590
	17,218	24,851



Lodestone Management Consultants Inc.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Inc.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lodestone Management Consultants Inc. ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	–	37,63,845	7,27,711
Financial assets				
Loans	2.3	–	–	1,46,73,930
Deferred tax assets, net	2.15	6,76,38,677	6,14,69,431	8,01,04,898
Income tax assets, net	2.15	2,41,71,674	52,34,513	4,00,09,241
Total non-current assets		918,10,351	7,04,67,789	1,355,15,780
Current assets				
Financial assets				
Trade receivables	2.5	12,95,07,845	68,59,79,532	20,33,33,398
Cash and cash equivalents	2.6	14,27,16,413	7,82,65,138	2,45,35,020
Other financial assets	2.4	2,49,55,443	7,55,71,917	2,06,13,831
Other current assets	2.7	1,72,989	44,327	1,42,180
Total current assets		29,73,52,690	83,98,60,914	24,86,24,429
Total assets		38,91,63,041	91,03,28,703	38,41,40,209
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.9	62,07,500	62,07,500	62,07,500
Other equity		27,10,21,182	9,87,38,168	4,22,888
Total equity		27,72,28,682	10,49,45,668	66,30,388
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2.10	–	11,15,21,436	10,39,23,974
Total non-current liabilities		–	11,15,21,436	10,39,23,974
Current liabilities				
Financial liabilities				
Trade payables	2.12	2,37,61,778	11,64,41,553	4,22,55,162
Other financial liabilities	2.11	1,10,89,472	44,49,54,019	19,46,40,103
Other current liabilities	2.13	7,36,23,112	6,36,04,800	1,58,34,440
Provisions	2.14	7,75,120	2,86,290	–
Income tax liabilities, net	2.15	26,84,877	6,85,74,937	2,08,56,142
Total current liabilities		11,19,34,359	69,38,61,599	2,735,85,847
Total equity and liabilities		38,91,63,041	91,03,28,703	38,41,40,209

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

Bengaluru
January 10, 2017

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

Praveen Bhat
Director

Statement of Profit and Loss

in ₹, except per equity share data

Particulars	Note	Year ended December 31	
		2016	2015
Revenue from operations	2.16	2,01,78,26,151	2,81,93,63,330
Other income, net	2.17	(1,88,20,379)	(1,81,66,647)
Total income		1,99,90,05,772	2,80,11,96,683
Expenses			
Employee benefit expenses	2.18	38,61,09,667	76,79,69,799
Cost of technical sub-contractors		11,54,388,410	1,38,23,69,418
Travel expenses		13,70,20,489	29,57,52,935
Communication expenses		42,73,303	89,63,698
Consultancy and professional charges		6,06,73,785	5,58,52,924
Finance cost		16,19,165	23,83,640
Depreciation expense	2.2	13,51,561	10,61,680
Other expenses	2.18	1,66,43,534	2,18,44,458
Total expenses		1,76,20,79,914	2,53,61,98,552
Profit before tax		23,69,25,858	26,49,98,131
Tax expense			
Current tax	2.15	7,31,49,668	14,51,17,706
Deferred tax	2.15	(44,79,116)	2,13,01,469
Profit for the period		16,82,55,306	9,85,78,956
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange difference on translation		40,27,708	(2,63,676)
Total other comprehensive income, net of tax		40,27,708	(2,63,676)
Total comprehensive income for the period		17,22,83,014	9,83,15,280
Earnings per equity share			
Equity shares of par value US $ 1000/- each			
Basic and diluted (₹)		16,82,553	9,85,790
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		100	100

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

Bengaluru
January 10, 2017

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

Praveen Bhat
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	62,07,500	2,74,32,659	(2,70,09,771)	66,30,388
Changes in equity for the year ended December 31, 2015				
Exchange difference on translation		–	(2,63,676)	(2,63,676)
Profit for the period	–	9,85,78,956	–	9,85,78,956
Balance as of December 31, 2015	62,07,500	12,60,11,615	(2,72,73,447)	10,49,45,668
Changes in equity for the year ended December 31, 2016				
Exchange difference on translation	–	–	40,27,708	40,27,708
Profit for the period	–	16,82,55,306	–	16,82,55,306
Balance as of December 31, 2016	62,07,500	29,42,66,921	(2,32,45,739)	27,72,28,682

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

Bengaluru
January 10, 2017

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

Praveen Bhat
Director

Statement of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2016	2015
Cash flow from operating activities		
Profit for the period	16,82,55,306	9,85,78,956
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	13,51,561	10,61,680
Income tax expense	6,86,70,552	16,64,19,175
Allowance for credit losses on financial assets	(52,721)	5,04,077
Other adjustments	4,78,972	2,80,569
Exchange differences on translation of assets and liabilities	39,80,307	(5,62,128)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	57,36,90,828	(50,80,88,229)
Loans and other financial assets and other assets	3,33,21,392	(1,52,48,285)
Trade payables	(9,26,79,775)	7,41,86,391
Other financial liabilities, other liabilities and provisions	(42,38,37,647)	29,80,89,997
Cash generated from operations	33,31,78,775	1,152,22,203
Income taxes paid	(15,96,67,019)	(6,52,90,185)
Net cash generated by operating activities	17,35,11,756	4,99,32,018
Cash flow from investing activities		
Expenditure on property, plant and equipment, net of sale proceeds	24,60,955	(37,99,362)
Net cash used in investing activities	24,60,955	(37,99,362)
Cash flow from financing activities		
Loan from parent company	(11,15,21,436)	75,97,462
Net cash used in financing activities	(11,15,21,436)	75,97,462
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	6,44,51,275	5,37,30,118
Cash and cash equivalents at the beginning of the period	7,82,65,138	2,45,35,020
Cash and cash equivalents at the end of the period	14,27,16,413	7,82,65,138

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 Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

Praveen Bhat
Director

Bengaluru
January 10, 2017

Significant accounting policies

Company overview

Lodestone Management Consultants Inc. is a wholly-owned subsidiary of Infosys Consulting 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support, and the useful lives of property, plant, and equipment and intangible assets.

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 are included within unbilled revenues 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 Statement of Profit and Loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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

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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(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 computer equipment. Hence, the useful lives for computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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. The costs 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 Financial instruments

1.11.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.11.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.12 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.13 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.14 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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.

1.15 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in Indian Rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense, and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.16 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of exchange gain or loss on translation of other assets and liabilities.

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.

1.20 Leases

Lease under which the Company assumes substantially all the risks and rewards of ship 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 the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Lodestone Management Consultants Inc. for the year ended December 31, 2016, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Office equipment	Computer equipment	Total
Gross carrying value as of January 1, 2016	99,222	1,27,14,608	1,28,13,830
Additions	–	–	–
Deletions	(1,00,182)	(1,28,37,603)	(1,29,37,785)
Translation difference	960	1,22,995	1,23,955
Gross carrying value as of December 31, 2016	–	–	–
Accumulated depreciation as of January 1, 2016	99,222	89,50,763	90,49,985
Depreciation	–	13,51,561	13,51,561
Accumulated depreciation on deletions	(1,00,182)	(1,03,77,917)	(1,04,78,099)
Translation difference	960	75,593	76,553
Accumulated depreciation as of December 31, 2016	–	–	–
Carrying value as of December 31, 2016	–	–	–
Carrying value as of January 1, 2016	–	37,63,845	37,63,845

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Office equipment	Computer equipment	Total
Gross carrying value as of January 1, 2015	94,543	1,74,85,826	1,75,80,369
Additions	–	37,99,362	37,99,362
Forex translation difference	4,679	10,32,973	10,37,652
Deletions	–	(96,03,553)	(96,03,553)
Gross carrying value as of December 31, 2015	99,222	1,27,14,608	1,28,13,830
Accumulated depreciation as of January 1, 2015	94,543	1,67,58,115	1,68,52,658
Depreciation	–	10,61,680	10,61,680
Forex translation difference	4,679	7,34,521	7,39,200
Accumulated depreciation on deletions	–	(96,03,553)	(96,03,553)
Accumulated depreciation as of December 31, 2015	99,222	89,50,763	90,49,985
Carrying value as of December 31, 2015	–	37,63,845	37,63,845
Carrying value as of January 1, 2015	–	7,27,711	7,27,711

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured, considered good			
Other loans			
Loans to employees	–	–	1,46,73,930
Total loans	–	–	1,46,73,930

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Rental deposits	1,13,987	7,19,904	13,34,510
Unbilled revenues	1,95,15,953	3,66,82,373	1,17,44,355
Others (1)	53,25,503	3,81,69,640	75,34,966
	2,49,55,443	7,55,71,917	2,06,13,831
Total	2,49,55,443	7,55,71,917	2,06,13,831
Financial assets carried at amortized cost	2,49,55,443	7,55,71,917	2,06,13,831
(1) Includes dues from related parties *(Refer to Note 2.20)*	14,16,718	3,68,72,629	57,87,089

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good(1)	12,95,07,845	68,59,79,532	20,33,33,398
Considered doubtful	3,47,568	8,20,891	3,02,592
	12,98,55,413	68,68,00,423	20,36,35,990
Less: Allowances for credit losses	3,47,568	8,20,891	3,02,592
	12,95,07,845	68,59,79,532	2,033,33,398
(1) Includes dues from related parties *(Refer to Note 2.20)*	3,14,10,726	45,40,56,525	9,43,95,754

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current and deposit accounts	14,27,16,413	7,82,65,138	2,45,35,020
	14,27,16,413	7,82,65,138	2,45,35,020

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	1,72,989	44,327	1,42,180
	1,72,989	44,327	1,42,180
Total other assets	1,72,989	44,327	1,42,180

2.8 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows :

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	14,27,16,413	78,265,138	24,535,020
Trade receivables *(Refer to Note 2.5)*	12,95,07,845	68,59,79,532	20,33,33,398
Loans *(Refer to Note 2.3)*	–	–	1,46,73,930
Other financial assets *(Refer to Note 2.4)*	2,49,55,443	7,55,71,917	2,06,13,831
Total	29,71,79,701	83,98,16,587	26,31,56,179
Liabilities			
Borrowings	–	11,15,21,436	10,39,23,974
Trade payables *(Refer to Note 2.12)*	2,37,61,778	11,64,41,553	4,22,55,162
Other financial liabilities *(Refer to Note 2.13)*	1,02,14,330	42,92,23,420	17,69,14,579
Total	3,39,76,108	65,71,86,409	32,30,93,715

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Company operates internationally and a portion of the business is transacted in several currencies, and consequently the Company is exposed to foreign exchange risk.

The following table analyzes foreign currency risk from financial instruments as of December 31, 2016 :

in ₹

Particulars	Euro	CHF	GBP	Other currencies	Total
Cash and cash equivalents	1,73,417		–	–	1,73,417
Trade receivables	10,54,549	–	89,80,952	–	1,00,35,501
Trade payables	58,29,392	22,22,405	1,33,50,284	23,59,697	2,37,61,778
Other financial liabilities	1,73,417	16,89,785	–	–	18,63,202
Net assets / (liabilities)	(47,74,843)	(39,12,190)	(43,69,332)	(23,59,697)	(1,54,16,062)

The following table analyzes foreign currency risk from financial instruments as of December 31, 2015 :

in ₹

Particulars	Euro	CHF	GBP	Other currencies	Total
Trade Receivables	–	–	36,60,93,716	–	36,60,93,716
Other financials assets (including loans)	55,13,093	13,75,966	–	1,27,84,352	1,96,73,411
Trade payables	2,78,16,455	3,49,93,271	3,10,30,915	1,39,57,407	10,77,98,048
Other financial liabilities	15,74,36,238	6,63,63,891	12,40,319	85,758	22,51,26,206
Net assets / (liabilities)	(17,97,39,600)	(9,99,81,196)	33,38,22,482	(12,58,813)	5,28,42,873

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 12,95,07,845 and ₹ 68,59,79,532 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to ₹ 1,95,15,953 and ₹ 3,66,82,373 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was ₹ 52,721 and the allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2015 was ₹ 5,04,077.

in ₹

Particulars	Year ended December 31,	
	2016	2015
Balance at the beginning	8,20,891	3,02,592
Impairment loss recognized / (reversed)	(52,721)	5,04,077
Amounts written off	(3,19,872)	–
Translation differences	(1,00,730)	14,222
Balance at the end	3,47,568	8,20,891

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings.

As of December 31, 2016, the Company had a working capital of ₹18,54,18,331 including cash and cash equivalents of ₹ 14,27,16,413. As of December 31, 2015, the Company had a working capital of ₹14,59,99,315 including cash and cash equivalents of ₹ 7,82,65,138.

2.9 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
100 (100) equity shares of US $ 1000 par value	62,07,500	62,07,500	62,07,500
Issued, subscribed and paid-up			
100 (100) equity shares of US $ 1000 par value	62,07,500	62,07,500	62,07,500
	62,07,500	62,07,500	62,07,500

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 are as follows:

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	100	100	100	100

2.10 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured loan from parent *(Refer to Note 2.20)*	–	11,15,21,436	10,39,23,974
	–	11,15,21,436	10,39,23,974
Total borrowings	–	11,15,21,436	10,39,23,974

2.11 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	13,81,984	3,41,72,130	2,49,09,288
Accrued expenses	–	16,39,26,755	8,42,60,318
Compensated absences	8,75,142	1,57,30,599	1,77,25,524
Other payables [(1)]	88,32,346	23,11,24,535	6,77,44,973
Total financial liabilities	1,10,89,472	44,49,54,019	19,46,40,103
Financial liability carried at amortized cost	1,02,14,330	42,92,23,420	17,69,14,579
[(1)] Includes dues to related parties *(Refer to Note 2.20)*	5,62,293	22,96,11,608	6,77,44,973

2.12 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [(1)]	2,37,61,778	11,64,41,553	4,22,55,162
	2,37,61,778	11,64,41,553	4,22,55,162
[(1)] Includes dues to fellow subsidiaries *(Refer to Note 2.20)*	2,37,61,778	10,58,79,258	4,15,92,758

2.13 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	7,36,23,112	6,36,04,800	1,58,34,440
	7,36,23,112	6,36,04,800	1,58,34,440

2.14 Provisions

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Post-sales client support and warranties	7,75,120	2,86,290	–
	7,75,120	2,86,290	–

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Current taxes	7,31,49,668	14,51,17,706
Deferred taxes	(44,79,116)	2,13,01,469
Income tax expense	6,86,70,552	16,64,19,175

Current tax expense for the year ended December 31, 2016 includes reversals amounting to ₹2,91,43,831 and for the year ended December 31, 2015 includes provision amounting to ₹68,22,037, respectively pertaining to previous periods.

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

in ₹

Particulars	Year ended December 31,	
	2016	2015
Profit before income taxes	23,69,25,858	26,49,98,131
Enacted tax rates in US	40.00%	40.00%
Computed expected tax expense	9,47,70,344	10,59,99,253
Tax provision / (reversals), overseas and domestic	(2,91,43,831)	68,22,037
Effect of unrecognized deferred tax assets	–	2,66,34,662
Effect of non-deductible expenses	30,44,039	2,69,63,223
Income tax expense	6,86,70,552	16,64,19,175

The applicable US statutory tax rate for fiscal 2017 and fiscal 2016 is 40%.

The following table provides the details of income tax assets and income tax liabilities:

in ₹

	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	2,41,71,674	52,34,513	4,00,09,241
Current income tax liabilities	26,84,877	6,85,74,937	2,08,56,142
Net current income tax assets / (liability) at the end	2,14,86,797	(6,33,40,424)	1,91,53,099

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

	Year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(6,33,40,424)	1,91,53,099
Income tax paid	15,96,67,019	6,52,90,185
Current income tax expense	(7,31,49,668)	(14,51,17,706)
Translation difference	(16,90,130)	(26,66,002)
Net current income tax asset / (liability) at the end	2,14,86,797	(6,33,40,424)

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Deferred income tax assets			
Property, plant, and equipment	–	–	11,751
Accrued compensation to employees	6,76,38,677	6,14,69,431	6,83,33,529
Compensated absences	–	–	70,90,210
Others	–	–	46,69,408
Total deferred income tax assets	6,76,38,677	6,14,69,431	8,01,04,898

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income 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 income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account is as follows:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Net deferred income tax asset at the beginning	6,14,69,431	8,01,04,898
Translation differences	16,90,130	26,66,002
Credits / (charge) relating to temporary differences *(Refer to Note 2.17)*	44,79,116	(2,13,01,469)
Temporary differences on other comprehensive income	–	–
Net deferred income tax asset at the end	6,76,38,677	6,14,69,431

2.16 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2016	2015
Revenue from consultancy services	2,01,78,26,151	28,193,63,330
	2,01,78,26,151	2,81,93,63,330

2.17 Other income

in ₹

Particulars	Year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	(1,88,85,077)	(1,81,66,647)
Miscellaneous income, net	64,698	–
	(1,88,20,379)	(1,81,66,647)

2.18 Expenses

in ₹

Particulars	Year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	37,87,22,841	76,00,33,687
Staff welfare	73,86,826	79,36,112
	38,61,09,667	76,79,69,799
Other expenses		
Brand and marketing	80,07,295	1,13,39,143
Operating lease payments	12,55,852	11,67,637
Rates and taxes	3,263	2,73,738
Repairs and maintenance	18,758	3,74,867
Insurance	5,16,598	–
Provision for post-sales client support and warranties	4,80,242	2,80,569
Allowances for credit losses on financial assets	(52,721)	5,04,077
ors' remuneration		
Statutory audit fees	1,79,808	9,50,644
Printing and stationery charges	33,90,118	29,94,452
Bank charges	10,93,396	6,75,053
Others	17,50,925	32,84,278
	1,66,43,534	2,18,44,458

2.19 Leases

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	75,108	70,348	2,37,976

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

2.20 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	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 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 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 *(formerly Lodestone Holding AG)*	Switzerland
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) SA*	Belgium
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*[(3)]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	Switzerland
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.
Infy Consulting B.V. (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 S.C. 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]	
Panaya GmbH[11]	Germany
Panaya Pty Ltd[11][19]	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 subsidiary 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.

[18] Liquidated effective October 5, 2016.

[19] Liquidated effective November 16, 2016.

[20] Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows :

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting AG	31,17,198	1,59,99,439	1,47,09,466
Lodestone Management Consultants Pty. Limited	–	23,29,930	–
Infy Consulting Company Ltd.	89,80,952	38,56,36,423	7,96,86,288
Infosys Technologies S. de R. L. de C. V.	1,82,58,026	5,00,90,733	–
Lodestone Management Consultants B.V.	10,54,549	–	–
	3,14,10,726	45,40,56,525	9,43,95,754
Borrowings			
Infosys Consulting Holding AG [1]	–	11,15,21,436	10,39,23,974
	–	11,15,21,436	10,39,23,974
Other financial assets			
Infosys Consulting AG	–	32,93,547	28,39,119
Lodestone Management Consultants China Co., Ltd.	–	2,60,758	–
Infy Consulting Company Ltd.	–	2,80,65,989	–
Infosys Consulting GmbH	–	52,52,335	29,47,970
Infosys Limited	14,16,718	–	–
	14,16,718	3,68,72,629	57,87,089
Trade payables			
Infosys Consulting AG	25,69,240	3,49,92,664	2,62,72,253
Lodestone Management Consultants China Co., Ltd.	–	5,943	–
Infosys Consulting s.r.o.	–	59,340	–
Lodestone Management Consultants B.V.	–	18,12,477	–

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	44,31,325	–
Infosys Consulting GmbH	46,09,940	1,46,81,882	1,40,74,667
Lodestone Management Consultants Sp. z.o.o.	23,59,697	1,19,73,942	9,50,440
Infy Consulting Company Ltd.	1,33,50,285	3,10,30,915	2,16,282
Lodestone Management Consultants Ltda.	–	–	79,116
Lodestone Management Consultants (Belgium) S.A.	4,66,304	68,90,770	–
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	4,06,312	–	–
	2,37,61,778	10,58,79,258	4,15,92,758
Other financial liabilities			
Infosys Consulting AG	1,73,417	22,23,36,097	6,49,95,556
Infosys Public Services, Inc. USA	–	82,105	–
Infy Consulting Company Ltd.	–	36,36,215	–
Infosys Limited	–	35,57,191	–
Infosys Consulting GmbH	–	–	20,17,265
Infosys Consulting Holding AG	–	–	7,32,152
Infosys Consulting Pte Ltd.	3,88,876	–	–
	5,62,293	22,96,11,608	6,77,44,973

(1) The above loan was given in accordance with the terms and conditions of the loan agreement and carried an interest rate of 2.25% per annum each, and was repayable at the discretion of the lender.

The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Loans, net of repayment		
Infosys Consulting Holding AG	(11,15,21,436)	75,97,462
	(11,15,21,436)	75,97,462
Revenue transactions		
Purchase of services		
Infosys Consulting AG	25,06,24,424	51,79,17,504
Lodestone Management Consultants Pty. Limited	–	5,31,963
Lodestone Management Consultants China Co., Ltd.	–	24,32,544
Infosys Consulting s.r.o.	–	8,03,638
Infosys Consulting Pte Ltd	3,88,501	91,94,058
Infosys Consulting GmbH	3,52,28,193	1,014,19,831
Infy Consulting Company Ltd.	42,66,94,335	1,228,71,231
Lodestone Management Consultants Sp. z.o.o.	3,93,43,629	5,26,43,795
Lodestone Management Consultants Portugal, Unipessoal, Lda	92,09,281	2,30,33,517
Infosys Management Consulting Pty Limited	16,11,059	–
Lodestone Management Consultants Ltda.	–	72,38,428
Lodestone Management Consultants B.V.	53,85,098	1,06,17,363
Lodestone Management Consultants (Belgium) S.A.	1,65,00,913	3,03,72,029
Infosys Consulting SAS	7,60,797	–
	78,57,46,230	87,90,75,901
Interest expense		
Infosys Consulting Holding AG	16,19,165	23,83,640
	16,19,165	23,83,640
Purchase of shared services including facilities and personnel		
Infosys Consulting AG	52,27,615	–
Infosys Consulting GmbH	45,20,140	–
Infy Consulting Company Ltd.	1,08,397	–
	98,56,152	–

Particulars	Year ended December 31,	
	2016	2015
Sale of services		
Infosys Consulting AG	6,46,74,352	16,08,03,382
Infosys Technologies S. de R. L. de C. V.	6,70,26,413	17,09,58,371
Infy Consulting Company Ltd.	76,23,18,479	15,741,46,938
Lodestone Management Consultants Pty. Limited	–	23,44,540
Infosys Consulting GmbH	–	1,04,59,672
	89,40,19,244	1,91,87,12,903

2.21 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 - Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - Segment-reporting.

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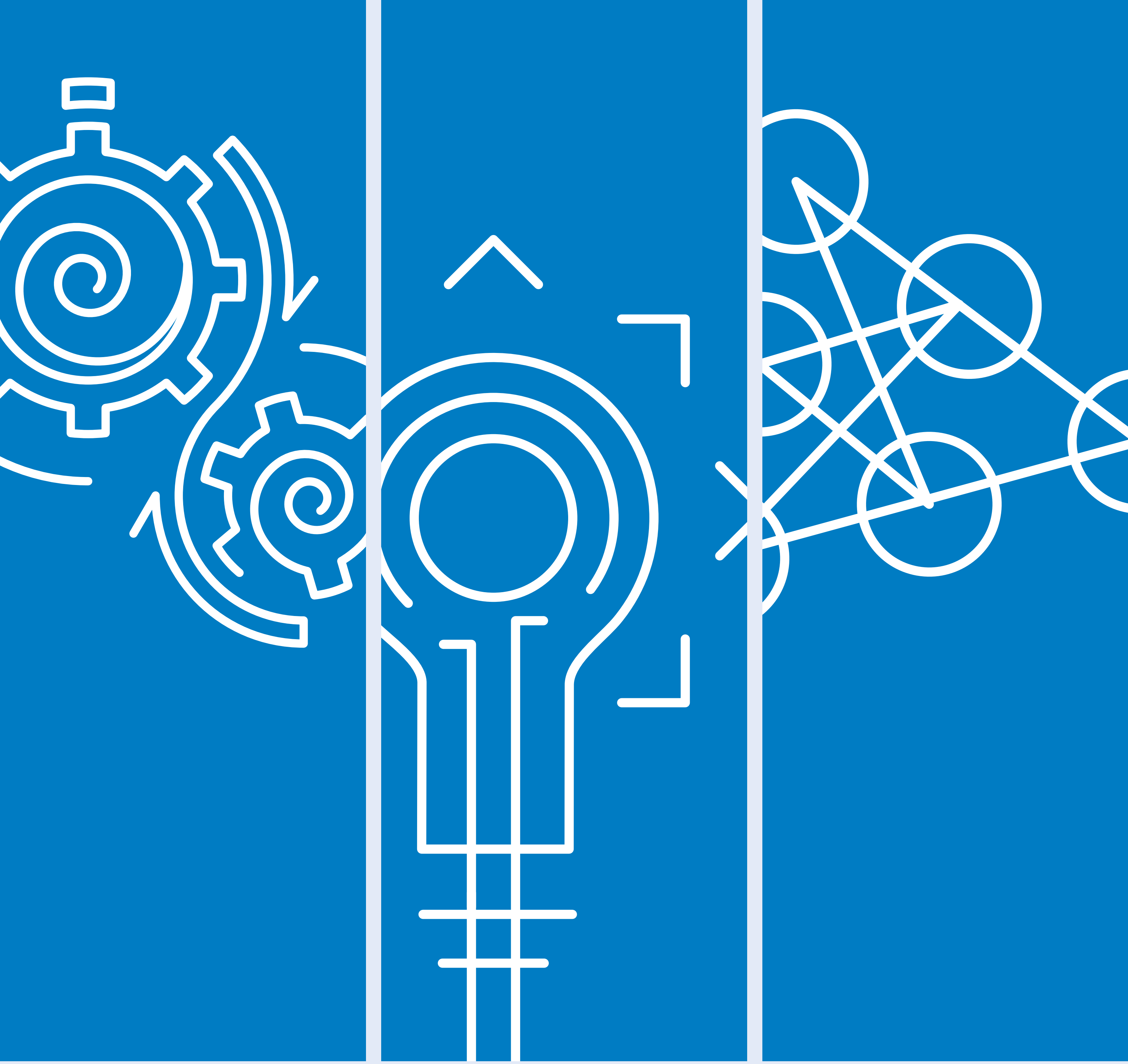


Noah Consulting LLC

Independent Auditors' Report

To the Members of Noah Consulting LLC

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Noah Consulting LLC ('the Company'), which comprises the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016 and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

v) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants,
Firm's registration no. 006673S

M Rathnakar Kamath
Partner
Membership no. 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in US $

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	6,982	–	–
Financial assets				
Investments	2.3	9,547	9,547	9,547
Total non-current assets		16,529	9,547	9,547
Current assets				
Financial assets				
Investments	2.3	–	–	460,103
Trade receivables	2.6	5,985,149	7,141,973	9,825,334
Cash and cash equivalents	2.7	5,177,190	3,163,783	435,912
Loans	2.4	–	2,920	109,958
Other financial assets	2.5	794,915	251,002	14,875
Other current assets	2.8	101,694	53,873	10,000
Total current assets		12,058,948	10,613,551	10,856,182
Total assets		12,075,477	10,623,098	10,865,729
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.13	11,781,057	1,114,390	1,199,838
Other equity		(13,908,023)	3,290,035	4,870,464
Total equity		(2,126,966)	4,404,425	6,070,302
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.10	3,773,889	1,379,995	–
Total non-current liabilities		3,773,889	1,379,995	–
Current liabilities				
Financial liabilities				
Trade payables	2.11	2,128,659	318,310	1,608,330
Other financial liabilities	2.10	8,238,321	4,438,044	2,919,729
Other current liabilities	2.12	59,574	41,470	182,565
Income tax liabilities, net	2.14	2,000	40,854	84,803
Total current liabilities		10,428,554	4,838,678	4,795,427
Total equity and liabilities		12,075,477	10,623,098	10,865,729

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

As per our report of even date attached

for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

M Rathnakar Kamath
Partner
Membership number : 202841

for and on behalf of the Board of Directors of
Noah Consulting LLC

Rajesh K. Murthy
Chairman

David Wagner
Director

Robin Goswami
Director

John Ruddy
Director

Bengaluru
January 10, 2017

Statement of Profit and Loss

in US $

Particulars	Note	For the year ended December 31,	
		2016	2015
Revenue from operations	2.15	27,930,894	34,806,087
Other income, net	2.16	7,229	48,282
Total income		27,938,123	34,854,369
Expenses			
Employee benefit expenses	2.17	32,229,407	20,324,308
Cost of technical sub-contractors		9,588,209	7,224,825
Travel expenses		1,288,438	2,276,744
Cost of software packages and others	2.17	112,511	79,105
Communication expenses		92,378	86,589
Consultancy and professional charges		365,303	952,371
Interest expenses		–	798
Depreciation expense	2.2	2,871	–
Other expenses	2.17	1,432,200	783,331
Total expenses		45,111,317	31,728,071
Profit before tax		(17,173,194)	3,126,298
Tax expense			
Current tax	2.14	24,864	84,277
Deferred tax	2.14	–	–
Profit / (loss) for the period		(17,198,058)	3,042,021
Total other comprehensive income, net of tax		–	–
Total comprehensive income / (loss) for the period		(17,198,058)	3,042,021

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

As per our report of even date attached

for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

for and on behalf of the Board of Directors of
Noah Consulting LLC

M Rathnakar Kamath
Partner
Membership number : 202841

Rajesh K. Murthy
Chairman

David Wagner
Director

Robin Goswami
Director

John Ruddy
Director

Bengaluru
January 10, 2017

Statement of Changes in Equity

in US $

Particulars	Equity share capital	Other equity – Reserves and surplus – Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2015	1,199,838	4,870,464	6,070,302
Changes in equity for the year ended December 31, 2015			
Decrease in share capital	(85,448)	–	(85,448)
Distribution of profits to members	–	(4,622,450)	(4,622,450)
Profit for the period	–	3,042,021	3,042,021
Balance as of December 31, 2015	1,114,390	3,290,035	4,404,425
Changes in equity for the year ended December 31, 2016			
Additional share capital	10,666,667	–	10,666,667
Profit for the period	–	(17,198,058)	(17,198,058)
Balance as of December 31, 2016	11,781,057	(13,908,023)	(2,126,966)

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

As per our report of even date attached

for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

for and on behalf of the Board of Directors of
Noah Consulting LLC

M Rathnakar Kamath
Partner
Membership number : 202841

Rajesh K. Murthy
Chairman

David Wagner
Director

Robin Goswami
Director

John Ruddy
Director

Bengaluru
January 10, 2017

Statement of Cash Flows

in US $

Particulars	For the year ended December 31,	
	2016	2015
Cash flow from operating activities		
Profit for the period	(17,198,058)	3,042,021
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	2,871	–
Income tax expense	24,864	84,277
Allowance for credit losses on financial assets	321,948	–
Interest and dividend income	(1,229)	(216)
Interest expense	–	798
Changes in assets and liabilities		
Trade receivables and unbilled revenue	643,729	2,698,236
Other financial assets and other assets	(400,587)	(294,875)
Trade payables	1,810,349	(1,290,020)
Other financial liabilities, other liabilities	6,212,275	2,757,215
Cash generated from operations	(8,583,838)	6,997,436
Income taxes paid	(63,718)	(128,226)
Net cash (used in) / generated by operating activities	(8,647,556)	6,869,210
Cash flow from investing activities		
Expenditure on property, plant, and equipment	(9,853)	–
Proceeds on sale of financial assets		
Liquid mutual fund	–	460,103
Loans to employees	2,920	107,038
Interest and dividend received on investments	1,229	216
Net cash (used) / generated by in investing activities	(5,704)	567,357
Cash flow from financing activities		
Interest expense	–	(798)
Distribution of profit to shareholders	–	(4,622,450)
Increase / (decrease) in share capital	10,666,667	(85,448)
Net cash generated by / (used in) financing activities	10,666,667	(4,708,696)
Net decrease in cash and cash equivalents	2,013,407	2,727,871
Cash and cash equivalents at the beginning of the period	3,163,783	435,912
Cash and cash equivalents at the end of the period	5,177,190	3,163,783

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

As per our report of even date attached

for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

for and on behalf of the Board of Directors of
Noah Consulting LLC

M Rathnakar Kamath
Partner
Membership number : 202841

Rajesh K. Murthy
Chairman

David Wagner
Director

Robin Goswami
Director

John Ruddy
Director

Bengaluru
January 10, 2017

Significant accounting policies

Company overview

Noah Consulting LLC ('the Company') is a private limited liability company organized under laws of the State of Texas, USA in November 2008. 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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, allowance for credit losses, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

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.

1.4 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.

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.6 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[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.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.7 Financial instruments

1.7.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.7.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.8 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.9 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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.

1.11 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in US Dollars.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense, and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.12 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.13 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Noah Consulting LLC for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016 :

in US $

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	119,236	49,482	168,718
Additions	9,777	76	9,853
Deletions	–	–	–
Gross carrying value as of December 31, 2016	129,013	49,558	178,571
Accumulated depreciation as of January 1, 2016	(119,236)	(49,482)	(168,718)
Depreciation	(2,806)	(65)	(2,871)
Accumulated depreciation on deletions	–	–	–
Accumulated depreciation as of December 31, 2016	(122,042)	(49,547)	(171,589)
Carrying value as of December 31, 2016	6,971	11	6,982
Carrying value as of January 1, 2016	–	–	–

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015 :

in US $

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	119,236	49,482	168,718
Additions	–	–	–
Deletions	–	–	–
Gross carrying value as of December 31, 2015	119,236	49,482	168,718
Accumulated depreciation as of January 1, 2015	(119,236)	(49,482)	(168,718)
Additions	–	–	–
Deletions	–	–	–
Accumulated depreciation as of December 31, 2015	(119,236)	(49,482)	(168,718)
Carrying value as of December 31, 2015	–	–	–
Carrying value as of January 1, 2015	–	–	–

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

2.3 Investments

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current investments in subsidiary			
Equity instruments of Noah Information Management Consulting Inc.	9,547	9,547	9,547
	9,547	9,547	9,547
Current investments			
Liquid mutual fund units	–	–	460,103
	–	–	460,103
Total carrying value	9,547	9,547	469,650

2.4 Loans

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Other loans			
Loans to employees	–	2,920	109,958
Total loans	–	2,920	109,958

2.5 Other financial assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unbilled revenues [1]	191,147	–	14,875
Others [2]	603,768	251,002	–
	794,915	251,002	14,875
Total	794,915	251,002	14,875
[1] Financial assets carried at amortized cost	794,915	251,002	14,875
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.18)*	193,052	–	–
[2] Includes dues from subsidiaries *(Refer to Note 2.18)*	603,768	–	–

2.6 Trade receivables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	5,985,149	7,141,973	9,825,334
Considered doubtful	110,272	–	–
	6,095,421	7,141,973	9,825,334
Less : Allowances for credit losses	110,272	–	–
	5,985,149	7,141,973	9,825,334
[1] Includes dues from group companies *(Refer to Note 2.18)*	4,041,363	1,985,152	1,562,842

2.7 Cash and cash equivalents

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	5,177,190	3,163,783	435,912
	5,177,190	3,163,783	435,912

2.8 Other assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	101,694	53,873	10,000
Total other assets	101,694	53,873	10,000

2.9 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments were as follows :

in US $

Particulars	As of December 31,	
	2016	2015
Assets		
Cash and cash equivalents *(Refer to Note 2.7)*	5,177,190	3,163,783
Trade receivables *(Refer to Note 2.6)*	5,985,149	7,141,973
Loans *(Refer to Note 2.4)*	–	2,920

Particulars	As of December 31, 2016	As of December 31, 2015
Other financial assets *(Refer to Note 2.5)*	794,915	251,002
Total	11,957,254	10,559,678
Liabilities		
Trade payables *(Refer to Note 2.11)*	2,128,659	318,310
Other financial liabilities *(Refer to Note 2.10)*	11,535,196	5,415,057
Total	13,663,855	5,733,367

The carrying value and fair value of financial instruments by categories as of January 1, 2015 were as follows:

in US $

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets							
Cash and cash equivalents *(Refer to Note 2.7)*	435,912	–	–	–	–	435,912	435,912
Investments *(Refer to Note 2.3)*							
Liquid mutual fund units	–	–	460,103	–	–	460,103	460,103
Trade receivables *(Refer to Note 2.6)*	9,825,334	–	–	–	–	9,825,334	9,825,334
Loans *(Refer to Note 2.4)*	109,958	–	–	–	–	109,958	109,958
Other financial assets *(Refer to Note 2.5)*	14,875	–	–	–	–	14,875	14,875
Total	10,386,079	–	460,103	–	–	10,846,182	
Liabilities							
Trade payables *(Refer to Note 2.11)*	1,608,330	–	–	–	–	1,608,330	1,608,330
Other financial liabilities *(Refer to Note 2.10)*	2,514,092	–	–	–	–	2,514,092	2,514,092
Total	4,122,422	–	–	–	–	4,122,422	

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US $ 5,985,149 and US $ 7,141,973 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenues amounting to US $ 191,147 and nil as of December 31, 2016 and December 31, 2015, respectively. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

As of December 31, 2016, the Company had a working capital of US $ 1,630,394 including cash and cash equivalents of US $ 5,177,190. As of December 31, 2015, the Company had a working capital of US $ 5,774,873 including cash and cash equivalents of US $ 3,163,783.

As of December 31, 2016 and December 31, 2015, the outstanding compensated absences were US $ 477,014 and US $ 402,982, respectively.

2.10 Other financial liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Accrued compensation to employees	3,773,889	1,379,995	–
	3,773,889	1,379,995	–
Current			
Others			
Accrued compensation to employees	7,716,209	3,914,958	2,378,012
Accrued expenses (1)	35,500	120,104	–
Compensated absences	477,014	402,982	405,637
Other payables (2)	9,598	–	136,080
	8,238,321	4,438,044	2,919,729
Total financial liabilities	12,012,210	5,818,039	2,919,729
Financial liability carried at amortized cost	11,535,196	5,415,057	2,514,092
(1) Includes dues to subsidiaries *(Refer to Note 2.18)*	–	111,936	–
(2) Includes dues to ultimate parent company *(Refer to Note 2.18)*	9,598	–	–

Ageing of accrued compensation to employees (non-current)

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Payable within 1-2 years	3,773,889	836,828	–
Payable within 2-3 years	–	543,167	–
	3,773,889	1,379,995	–

2.11 Trade payables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables	2,128,659	318,310	1,608,330
	2,128,659	318,310	1,608,330

2.12 Other liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	59,574	41,470	182,565
	59,574	41,470	182,565

2.13 Equity

in US $, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity share capital	11,781,057	1,114,390	1,199,838
Issued, subscribed, and paid-up			
Equity share capital	11,781,057	1,114,390	1,199,838
	11,781,057	1,114,390	1,199,838

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in US $

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	24,864	84,277
Income tax expense	24,864	84,277

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

in US $

Particulars	For the year ended December 31,	
	2016	2015
Profit / (Loss) before income taxes	(17,173,194)	3,126,298
Enacted tax rates in USA	40.0%	40.0%
Computed expected tax expense	(6,868,516)	1,250,519
Effect on unrecognized deferred tax assets	6,893,380	(1,166,242)
Income tax expense	24,864	84,277

The applicable US statutory tax rate for fiscal 2017 and 2016 is 40%.

The following table provides the details of income tax assets and income tax liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	–	–
Current income tax liabilities	2,000	40,854	84,803
Net current income tax assets / (liability) at the end	(2,000)	(40,854)	(84,803)

The gross movement in the current income tax asset / (liability) is as follows :

in US $

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(40,854)	(84,803)
Income tax paid	63,718	128,226
Current income tax expense	(24,864)	(84,277)
Net current income tax asset / (liability) at the end	(2,000)	(40,854)

2.15 Revenue from operations

in US $

Particulars	For the year ended December 31,	
	2016	2015
Revenue from consultancy services	27,930,894	34,806,087
	27,930,894	34,806,087

2.16 Other income

in US $

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets - Carried at amortized cost		
Deposit with bank and others	1,229	216
Miscellaneous income, net	6,000	48,066
	7,229	48,282

2.17 Expenses

in US $

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	31,290,110	19,466,349
Staff welfare	939,297	857,959
	32,229,407	20,324,308
Cost of software packages and others		
For own use	112,511	79,105
	112,511	79,105
Other expenses		
Power and fuel	40,949	45,482
Brand and marketing	644,233	165,629
Operating lease payments	41,222	59,388
Rates and taxes	–	15,269
Repairs and maintenance	17,992	27,704
Consumables	110,830	170,711
Insurance	20,968	51,618
Allowances for credit losses on financial assets	321,948	–
Auditors' remuneration		
Statutory audit fees	30,000	–
Others	204,058	247,530
	1,432,200	783,331

2.18 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Limited [1]	India	100%	100%	0%

[1]On November 16, 2015, Infosys acquired 100% of the membership interests in Noah Consulting LLC.

Name of 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 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 Ltd[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 [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][19]	Switzerland

Name of 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
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Infy Consulting B.V. (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 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][18]	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) [14]	Canada

[1] Wholly-owned subsidiary 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 System
[13] On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.
[14] Wholly-owned subsidiary of Noah Consulting LLC.
[15] Incorporated effective November 20, 2015.
[16] Liquidated effective March 15, 2016.
[17] Liquidated effective October 5, 2016.
[18] Liquidated effective November 16, 2016.
[19] Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Limited	1,776,857	–	–
Noah Information Management Consulting Inc.	2,264,506	1,985,152	1,562,842
	4,041,363	1,985,152	1,562,842
Other financial assets			
Noah Information Management Consulting Inc.	603,768	–	–
	603,768	–	–
Unbilled revenues			
Infosys Public Services, Inc. USA	193,052	–	–
	193,052	–	–

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Other financial liabilities			
Infosys Limited	9,598	–	–
	9,598	–	–
Accrued expenses			
Noah Information Management Consulting Inc.	–	111,936	–
	–	111,936	–

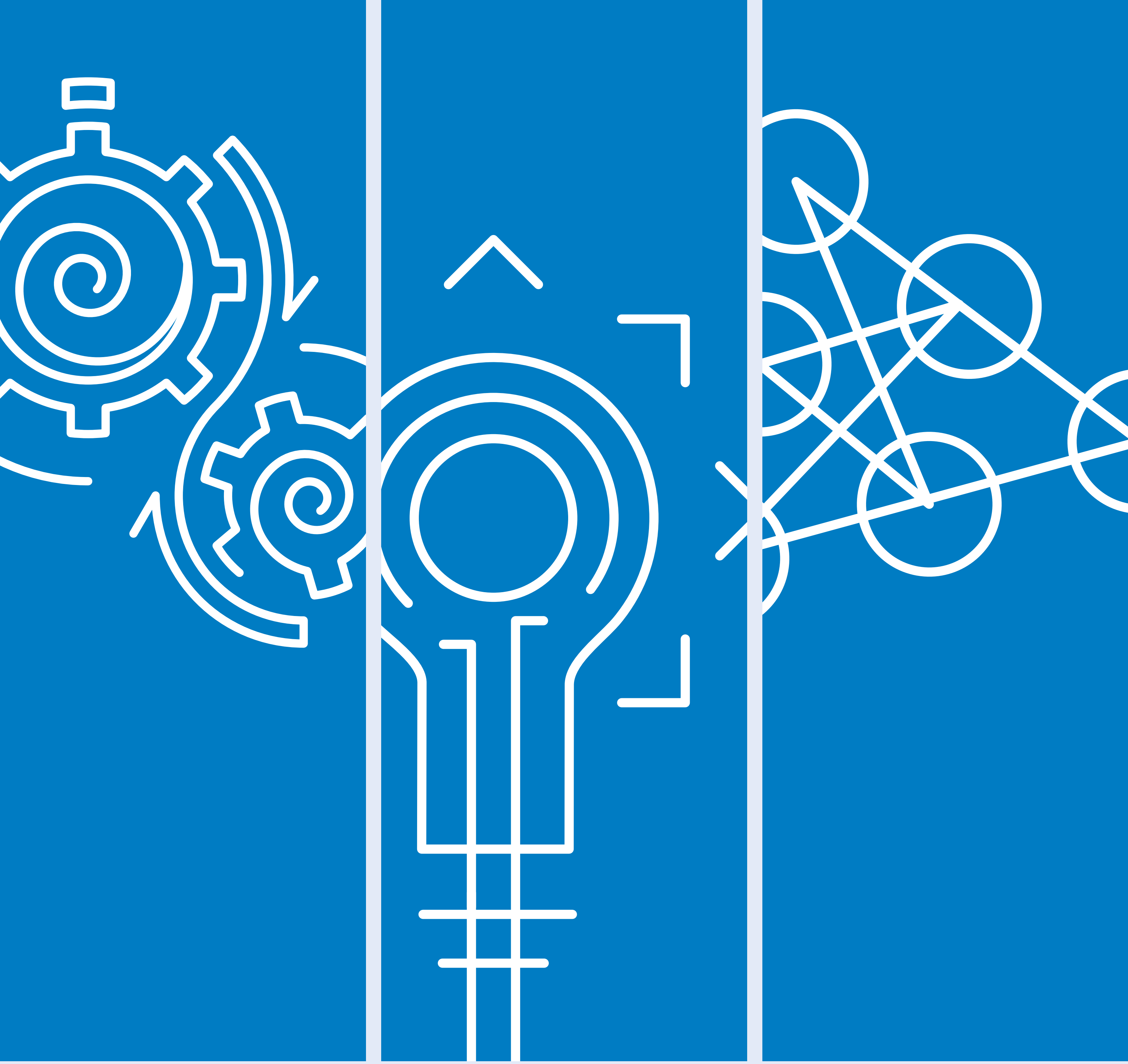
The details of the related parties transactions entered into by the Company are as follows:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Additional share capital infusion		
Infosys Limited	10,666,667	–
	10,666,667	–
Revenue transactions		
Purchase of services		
Noah Information Management Consulting Inc.	–	111,936
	–	111,936
Sale of services		
Infosys Public Services, Inc. USA	193,052	
Infosys Limited	14,652,108	–
	14,845,160	–

2.19 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as whole. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 108 - 'Segment Reporting'.



Infosys Management Consulting Pty. Limited

(formerly Lodestone Management Consultants Pty. Limited)

Independent Auditors' Report

To the Members of Infosys Management Consulting Pty. Limited *(Formerly Lodestone Management Consultants Pty. Limited)*.

We have audited the accompanying financial report, being a special purpose financial report, of Infosys Management Consulting Pty. Limited ('the Company'), which comprises the statement of financial position as at December 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 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.

Auditors' 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 auditors' 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. Limited on April 3, 2017, would be in the same terms if given to the directors as at the time of this auditors' report.

Auditors' opinion

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

(a) giving a true and fair view of the Company's financial position as at December 31, 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 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

April 3, 2017

Statement of Financial Position

in AU $

Particulars	As at 31, December	
	2016	2015
Assets		
Cash and cash equivalents *(Refer to Note 8)*	2,453,480	76,373
Trade and other receivables *(Refer to Note 9)*	556,935	4,377,579
Other assets	28,376	2,880
Total current assets	3,038,791	4,456,832
Property, plant, and equipment *(Refer to Note 10)*	128,750	295,516
Net deferred tax assets *(Refer to Note 7a)*	–	–
Total non-current assets	128,750	295,516
Total assets	3,167,541	4,752,348
Liabilities		
Trade payables *(Refer to Note 11)*	(279,941)	(113,097)
Other payables *(Refer to Note 12)*	(934,703)	(2,072,140)
Loans and borrowings *(Refer to Note 15)*	(3,668,344)	(3,241,073)
Current tax liabilities	(156,414)	–
Provisions *(Refer to Note 14)*	(1,957,948)	(2,915,861)
Deferred income *(Refer to Note 13)*	(80,006)	(22,583)
Total current liabilities	(7,077,356)	(8,364,754)
Employee benefit obligations *(Refer to Note 14)*	–	(118,129)
Total non-current liabilities	–	(118,129)
Total liabilities	(7,077,356)	(8,482,883)
Deficiency in net assets	(3,909,815)	(3,730,535)
Equity		
Share capital *(Refer to Note 16)*	300	300
Accumulated losses	(3,910,115)	(3,730,835)
Deficiency in equity	(3,909,815)	(3,730,535)

The accompanying notes form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

in AU $

Particulars	Note	For the year ended December 31,	
		2016	2015
Revenue	5	29,514,989	29,014,261
Cost of sales	6b	(26,519,399)	(27,274,371)
Gross profit		2,995,590	1,739,890
Administrative expenses	6d	(997,062)	(776,040)
Other expenses	6c	(1,886,876)	(1,902,009)
Operating profit		111,652	(938,159)
Finance income	6a	3,318	2,440
Finance costs	6a	(137,836)	(164,360)
Net finance costs		(134,518)	(161,920)
Loss before tax		(22,866)	(1,100,079)
Income tax expense	7b	(156,414)	(931,467)
Loss for the year		(179,280)	(2,031,546)
Other comprehensive income			
Items that will not be reclassified as profit or loss		–	–
Items that are or may be reclassified subsequently as profit or loss		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive loss		(179,280)	(2,031,546)

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

in AU $

Particulars	For the year ended December 31, 2016		
	Share capital	Accumulated losses	Deficiency in equity
Balance as at January 1, 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 as at December 31, 2015	300	(3,730,835)	(3,730,535)
Balance as at January 1, 2016	300	(3,730,835)	(3,730,535)
Total other comprehensive income	–	–	–
Loss for the year	–	(179,280)	(179,280)
Total comprehensive loss	–	(179,280)	(179,280)
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends to equity holder	–	–	–
Total transactions with owners of the Company	–	–	–
Balance as at December 31, 2016	300	(3,910,115)	(3,909,815)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

in AU $

Particulars	Note	For the year ended December 31,	
		2016	2015
Cash flows from operating activities			
Cash receipts from customers		36,319,059	31,830,091
Cash paid to suppliers and employees		(34,190,953)	(31,548,962)
Cash generated from operations		2,128,106	281,129
Interest (paid) / received net	6a	(107,251)	(116,821)
Income tax paid		–	(213,332)
Net cash from / (used in) operating activities	18	2,020,855	(49,024)
Cash flows from investing activities			
Purchase of property, plant, and equipment		(71,019)	(78,498)
Net cash used in investing activities		(71,019)	(78,498)
Cash flows from financing activities			
Proceeds from / (repayment of) borrowings from holding company		427,271	(483,626)
Net cash from / (used in) financing activities		427,271	(483,626)
Net increase / (decrease) in cash and cash equivalents		2,377,107	(611,148)
Cash and cash equivalents as at 1 January		76,373	687,521
Cash and cash equivalents as at 31 December		2,453,480	76,373

The accompanying notes form an integral part of these financial statements.

For the year ended December 31, 2016

1 Reporting entity

Infosys Management Consulting Pty. Limited (the 'Company'), previously Lodestone Management Consultants Pty. Limited, is a company domiciled in Australia. 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 December 31, 2016. The Company is a for-profit entity and is primarily involved in specialized 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 (AASB) adopted by the Australian Accounting Standards Board (AASB).

The financial report does not include the disclosure requirements of all AASBs 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 authorized by the directors on April 3, 2017.

(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 (AU $), 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 recognized 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 December 31, 2016 of AU $179,280 (in 2015, AU $2,031,546). After adjusting the loss after tax for depreciation, income tax expense and loss on sale of fixed assets, the Company generated an operating profit of AU $214,919 (in 2015, the operating loss was AU $927,835). At 31 December 2016, the Company's current liabilities exceeded its current assets by AU $4,038,565 (in 2015, the current asset deficiency was AU $3,907,922) and the Company has a net asset deficiency of AU $3,909,815 (in 2015, the net asset deficiency of AU $3,730,535).

Notwithstanding the net current asset deficiency and net asset deficiency as at December 31, 2016, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis for the following reasons :

For the year ended December 31, 2016, the Company has significantly reduced its loss after tax compared to the year ended December 31, 2015 and has implemented measures that are expected to assist in establishing profitable operations for the year ending December 31, 2017.

- 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 cash flows; and
- The Directors have also received confirmation from the Company's parent entity, Infosys Consulting Holding AG, that the related party payable of AU $3,668,344 *(Refer to 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. Limited is signed in respect of the financial year ending December 31, 2016, or until such time as the loan can be repaid.

3 Significant accounting policies

The following accounting policies have been applied consistently by the Company to all periods presented in these financial statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates as 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 as at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized 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 as at the date of the transaction. Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity, otherwise the exchange difference is recognized in profit or loss.

(b) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes 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 recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized 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 realize 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized 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 recognizes 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 recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized 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, 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 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 recognized in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of Property, plant, and equipment is recognized 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 recognized 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 amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

(iii) Amortization

Intangible assets are measured 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

Amortization 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 of intangible assets are tested annually for impairment. An impairment loss is recognized 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 continued use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized 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 amortization, if no impairment loss had been recognized.

(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 an 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 amortized 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 the 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 amortized 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 recognized in profit or loss and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes a decrease in the amount of impairment loss, 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 recognized as an employee expense in Profit and Loss Account when they are due. Prepaid contributions are recognized 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 as 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 recognized 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 recognized 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 recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 *(Refer to Note 3(f)(ii))*.

(g) Provisions

A provision is recognized 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 recognized as a finance cost.

(h) Onerous contracts

A provision for onerous contracts is recognized 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 recognizes any impairment loss on the assets associated with the contract.

(i) Revenue

(i) Services

Revenue from services rendered is recognized 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 and material, and are invoiced monthly, based on the rendered hours and expenses for the individual project or 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 recognized 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 recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized 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 recognized to date, less progress billings and recognized 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 recognized profits exceed progress billings and recognized losses *(Refer to Note 9)*. If progress billings and recognized losses exceed costs incurred plus recognized profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position *(Refer to Note 13)*.

(j) Leases

(i) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized 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 recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

(k) 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 recognized in other comprehensive income. Interest income is recognized 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 recognized 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.

(l) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized 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 recognized 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 recognized 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 additional taxes and interests that 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 realized simultaneously.

A deferred tax asset is recognized 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 utilized. 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 realized.

(m) Goods and service tax

Revenue, expenses and assets are recognized 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 recognized 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.

(n) 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 2016, 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, AASB 15 Revenue from Contracts with Customers, which could change the measurement and recognition of revenue, and AASB 16 Leases, which requires all leases to be brought onto the statement of financial position. These standards become mandatory for the Company's 2018 or 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 AU $

Particulars	2016	2015
Related party revenue	26,947,190	26,912,438
Third party revenue	2,567,799	2,101,823
Total	29,514,989	29,014,261

As at 31 December 2016, the Company had deferred revenue of AU $80,006 (2015 : AU $22,583), which represents the fair value of that portion of the revenue *(Refer to Note 13)*.

6a Finance income and finance costs

in AU $

Particulars	2016	2015
Finance income		
Interest received	3,318	2,440
	3,318	2,440
Finance costs		
Interest expense on loan and borrowings	(110,569)	(119,261)
Net unrealized / realized foreign currency loss	(27,267)	(45,099)
	(137,836)	(164,360)
Net finance (expense)	(134,518)	(161,920)

6b Cost of sales

in AU $

Particulars	2016	2015
Travel	1,153,075	815,704
Employee benefits expense	18,261,599	18,167,416
External contractor expense	7,104,725	8,291,251
	26,519,399	27,274,371

6c Other expenses

in AU $

Particulars	2016	2015
Depreciation expense	184,710	172,244
Other expense	1,702,166	1,729,765
	1,886,876	1,902,009

6d Administrative expenses

in AU $

Particulars	2016	2015
Communications	365,532	324,836
Legal and accounting	98,662	59,201
Back office expense	59,817	38,240
Employee benefit expense	473,051	353,763
	997,062	776,040

6e Employee expense

in AU $

Particulars	2016	2015
Employee salary	16,067,359	13,766,138
Employee bonus	1,207,595	1,402,805
Annual leave and long service leave	(1,154,336)	776,881
Superannuation	1,606,276	1,420,244
Other employee-related expenses	1,197,299	1,304,048
	18,924,193	18,670,116

7 Tax expense

(a) Deferred tax asset

in AU $

Particulars	2016	2015
Deferred tax assets – timing differences	–	–
Deferred tax liabilities	–	–

(b) Reconciliation of effective tax rate

in AU $

Particulars	2016	2015
Loss before tax	(22,866)	(1,100,079)
Tax using the Company's domestic tax rate of 30% (in 2015, 30%)	(6,860)	(330,024)
Derecognition of previously recognized timing differences	–	839,808
Derecognition of the current period tax losses and temporary differences	6,860	330,023
Withholding tax payable in a foreign jurisdiction	156,414	–
Under / over provision for the year	–	91,660
Income tax expense for the year	156,414	931,467

8 Cash and cash equivalents

in AU $

Particulars	2016	2015
Cash and cash equivalents	2,453,480	76,373

9 Trade and other receivables

in AU $

Particulars	2016	2015
Trade receivable due from related party	21,000	3,839,620
Trade receivable – external parties	448,810	352,106
Other receivables	27,846	92,455
Work in progress	59,279	93,398
	556,935	4,377,579

10 Property, plant, and equipment

in AU $

Particulars	Leasehold improvement / installation	IT equipment / office machines	Furniture	Total
Cost				
Balance as at January 1, 2015	551,126	478,559	55,387	1,085,072
Additions	–	78,498	–	78,498
Disposals / write off	–	(294,859)	–	(294,859)
Balance as at December 31, 2015	551,126	262,198	55,387	868,711
Depreciation and impairment losses				
Balance as at January 1, 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 as at December 31, 2015	(380,420)	(151,468)	(41,307)	(573,195)
Carrying amounts as				
at January 1, 2015	278,326	92,249	18,687	389,262
at December 31, 2015	170,706	110,730	14,080	295,516

in AU $

Particulars	Leasehold improvement / installation	IT equipment / office machines	Furniture	Total
Cost				
Balance as at January 1, 2016	551,126	262,198	55,387	868,711
Additions	–	71,019	–	71,019
Disposals / write off	(345,963)	–	(22,869)	(368,832)
Balance as at December 31, 2016	205,163	333,217	32,518	570,898
Depreciation and impairment losses				
Balance as at January 1, 2016	(380,420)	(151,468)	(41,307)	(573,195)
Depreciation for the year	(104,842)	(75,456)	(4,412)	(184,710)
Disposals / write off	302,556	–	13,201	315,757
Balance as at December 31, 2016	(182,706)	(226,924)	(32,518)	(442,148)
Carrying amounts as				
at January 1, 2016	170,706	110,730	14,080	295,516
at December 31, 2016	22,457	106,293	–	128,750

11 Trade payables

in AU $

Particulars	2016	2015
Trade payables due from related party	276,917	69,208
Other trade payables	3,024	43,889
	279,941	113,097

12 Other payables

in AU $

Particulars	2016	2015
Accrued superannuation expense	161,179	461,083
Accrued sub-contractor expenses	360,653	799,895
Accrued provision for fixed price project	–	4,560
Other accruals	265,354	235,322
Payroll tax	(3,970)	95,560
Other payable	12,665	22,365
GST payable	138,822	141,087
Payroll deduction payable	–	12,268
Payable – Infosys Consulting Holding AG (related party)	–	300,000
	934,703	2,072,140

13 Deferred income

in AU $

Particulars	2016	2015
Revenue billed in advance	80,006	22,583
	80,006	22,583

14 Provisions

in AU $

Particulars	2016	2015
Employee benefits		
Current		
Annual leave	773,553	1,807,128
Long service leave	425,484	428,116
Accrued bonus	758,911	680,617
Total current	1,957,948	2,915,861
Non-current		
Long service leave	–	118,129
Total non-current	–	118,129
Total employee provisions	1,957,948	3,033,990

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 AU $

Particulars	2016	2015
Current liabilities		
Loan due to Infosys Consulting Holding AG	3,668,344	3,241,073
	3,668,344	3,241,073

Interest is payable at 3.5% per annum. As per the letter of support received on 3 April 2017 from Infosys Consulting 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

in numbers

Particulars	2016	2015
Share capital		
On issue as at January 1	300	300
On issue as at December 31	300	300

Ordinary shares

The Company does not have authorized 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 the 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 (in 2015, Nil).

Dividend franking account

in AU $

Particulars	2016	2015
30 per cent franking credits available to shareholders of Infosys Management Consulting Pty. Limited for subsequent financial years	549,782	549,782
	549,782	549,782

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 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 sufficient profits being available to declare dividends.

17 Auditors' remuneration

in AU $

Particulars	2016	2015
KPMG Australia		
Audit of financial reports	30,000	30,510
Other services	–	–
Total	30,000	30,510

18 Reconciliation of cash flow from operating activities

in AU $

Particulars	2016	2015
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Loss for the year after tax	(179,280)	(2,031,546)
Adjustments for		
Depreciation expense	184,710	172,244
Loss on sales of fixed assets	53,075	–
Income tax expense	156,414	931,467
Operating profit / (loss) before changes in working capital	214,919	(927,835)
Decrease / (increase) in trade and other receivables	3,795,148	(55,940)
(Decrease) / increase in trade and other payables	(970,593)	606,093
(Decrease) / increase in provision and employee benefits	(1,076,042)	571,645
Increase / (decrease) in deferred income	57,423	(29,655)
Income tax paid	–	(213,332)
Net cash from / (used in) operating activities	2,020,855	(49,024)

19 Related party transactions

Transactions between related parties are on normal commercial terms and no more favorable 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 AU $566,657 (in 2015, AU $1,590,074) and working on Infosys Limited assignments for AU $26,380,533 (in 2015, AU $25,322,364).

b. The Company was charged interest on advances made to it from the holding company for AU $110,569 (in 2015, AU $119,261).

c. The Company paid the cost of chargeable hours and recovery allocation of international employees working on Australian assignments for AU $67,914 (in 2015, AU $48,905).

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 AU $380,718 (in 2015, AU $278,659).

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 AU $

Particulars	2016	2015
Less than one year	54,520	208,071
Between one and five years	–	54,520
Total	54,520	262,591

21 Ultimate parent entity

As at, and throughout the financial year ending December 31, 2016, 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 Company, the results of those operations, or the state of affairs of the Company, 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 December 31, 2016, due to accumulated losses from 2011, 2012, 2015 and 2016. 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 advantages and security offered by a sound capital position. There were no changes to the Company'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.

Directors' declaration

In the opinion of the directors of Infosys Management Consulting Pty Ltd ('the Company'):

(a) the Company is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 4 to 25, are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 to 3;
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney day of April 3, 2017.

Joost Alexander Hoeve
Director

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Infosys Management Consulting Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Dana Bentley
Partner

Melbourne
April 3, 2017

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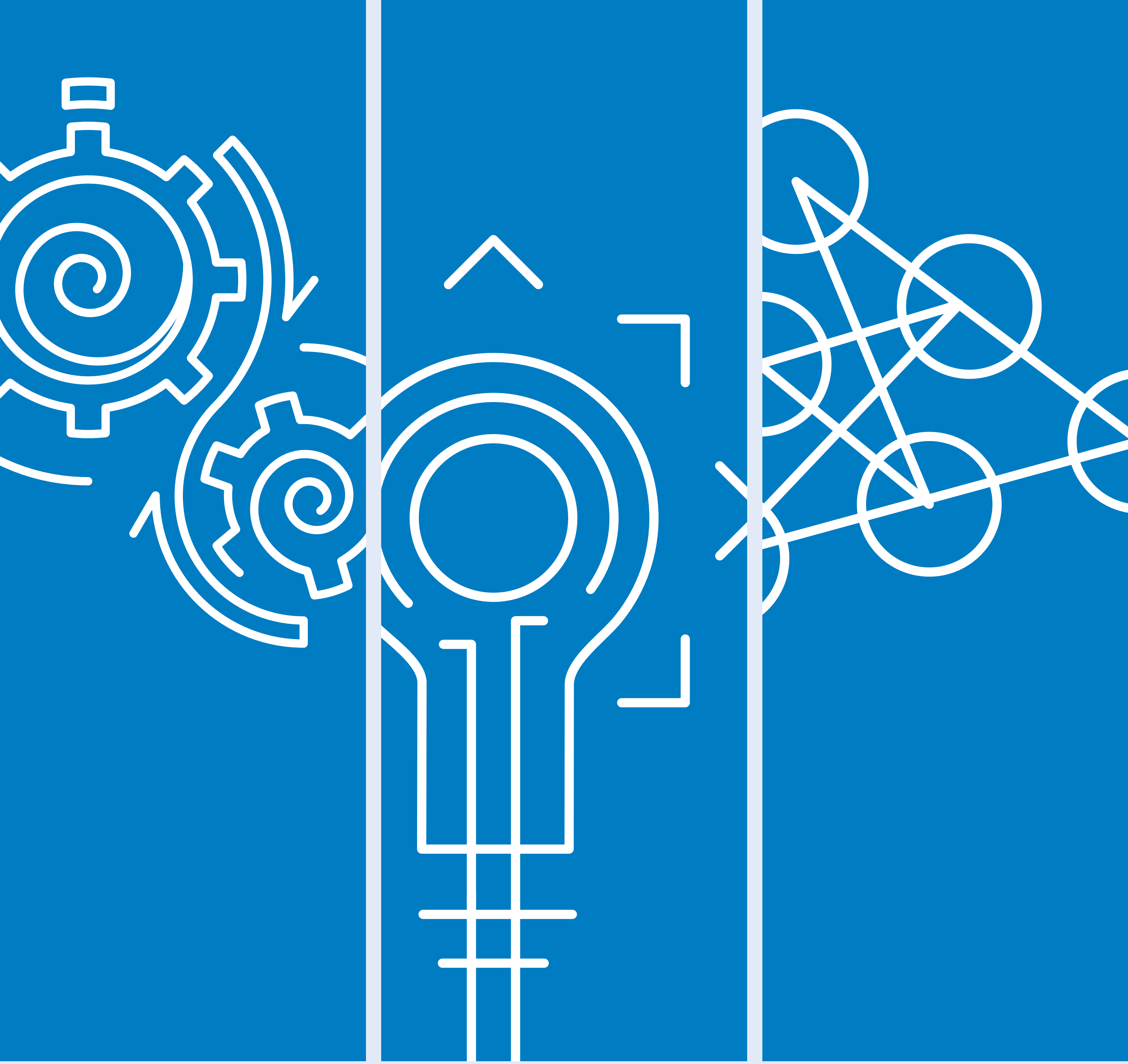

Lodestone Management Consultants Co., Ltd.

Audit Report

SHW S ZI [2016] No. 0035

Lodestone Management Consultants Co., Ltd

We have audited the attached financial statements of Lodestone Management Consultants Co., Ltd. (hereinafter referred to as your Company), including the Balance Sheet as at December 31, 2016, the Profit Statement, the Statement of Changes in Owners, the Cash Flow, and the Notes to Financial Statements of 2016.

I. The responsibility of the Management level to the financial statements

The Management of Lodestone Management Consultants Co., Ltd. shall be responsible for preparing the financial statements in accordance with Enterprise Accounting Principles and Enterprise Accounting System, including : (1) Establishing, performing and maintaining internal control over financial reports to obtain reasonable assurance about whether the financial statements are free of material misstatement due to error or fraud. (2) Selecting and using proper accounting policy; (3) Making out reasonable accounting estimate.

II. Responsibility of certified public accountants

Our responsibility is to express opinions on these financial statements on the basis of audit. We executed our audit in accordance with the audit rules of Certified Public Accountants. We are requested to abide by the professional ethics, plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of major misstatement.

An audit includes implementing audit procedures and obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of audit procedures is subject to the judge of CPA, including appraisal of risk of major misstatement in financial reports because of fraud or mistake. In the process of venture appraisal, we considered internal control relating to the financial statement to design proper audit procedures but not for the purpose of expressing opinions on the validity of internal control. An audit also includes assessing the accounting principles used and accounting estimates made by the Management, as well as evaluating the overall financial statement presentation.

We believe that the evidence for audit obtained is sufficient, proper, and it provides the basis for expressing audit opinions.

III. Audit opinions

In our opinion, the financial statements of your Company comply with the regulations of Enterprise Accounting Principles. In all material respects, it reflects operating results and cash flow of your Company as at December 31, 2016.

IV. Emphasis of matter

We remind the users of the statement to pay attention that the loss of your Company in 2016 is RMB 70,537,509.25, and the current liabilities are RMB 57,817,941.88 higher than the assets. This paragraph does not affect the published audit opinion.

Shanghai Sun Sky Certified Public Accountants	Chinese Certified Public Accountant :
Partnership	March 27, 2017

Balance Sheet

in Yuan

Particulars	December 31, 2016	
	Ending balance	Beginning balance
Current assets		
Cash	12,144,192.55	6,721,113.03
Trading financial assets	–	–
# Short-term investment	–	–
Notes receivable	–	–
Accounts receivable	30,605,051.86	28,484,738.15
Accounts prepayment	10,951,183.19	7,983,264.85
Dividends receivable	–	–
Interest receivable	–	–
Other receivables	4,623,424.91	2,083,485.35
Allowance receivable	–	–
Inventories	–	–
Including: Raw materials	–	–
Merchandise inventory (finished goods)	–	–
Portion of non-current assets due within one year	–	–
Total current assets	58,323,852.51	45,272,601.38
Non-current assets		
Financial assets available for sale	–	–
Held-to-maturity investments	–	–
# Long-term investment on bonds	–	–
Long-term receivables	–	–
Long-term equity investment	–	–
# Circulation right for equity separation		
Investment real estates	–	–
Fixed assets, cost	3,229,624.94	1,743,511.30
Less: Accumulated depreciation	1,440,633.43	807,523.08
Fixed assets, net value	1,788,991.51	935,988.22
Less: Impairment of fixed assets	–	–
Fixed assets, book value	1,788,991.51	935,988.22
Construction in progress	–	–
Materials for projects	–	–
Disposal of fixed assets	–	–
Bearer biological assets	–	–
Oil and natural gas assets	–	–
Intangible assets	–	–
Including: Land use right		
Development expenditure		
Goodwill		
* # Incorporating price difference		
Long-term deferred expenses (deferred assets)	–	–
Deferred tax assets		
# Deferred taxes debit	–	–
Other non-current assets (other long-term assets)	–	–
Including: Chartered material reserve		
TOTAL NON-CURRENT ASSETS	1,788,991.51	935,988.22
TOTAL ASSETS	60,112,844.02	46,208,589.60

in Yuan

Particulars	Ending balance	Beginning balance
Current liabilities		
Short-term loans	–	–
Trading financial liabilities	–	–
# Warrant payable		
Notes payable	–	–
Accounts payable	2,973,051.76	7,571,269.80

Particulars	Ending balance	Beginning balance
Advance receipts	111,940,681.45	50,986,971.15
Accrued payroll and employees' bonus and welfare fund	436,233.52	617,889.15
Including: Accrued payroll		
Accrued employees' welfare expenses	–	–
Including: Staff and workers' bonus and welfare fund		
Tax payable	812,870.48	1,190,634.98
Including: Tax payable	784,133.64	1,135,879.15
Interest payable	–	–
Dividend payable	–	–
Other payable	1,767,948.69	442,457.15
Portion of non-current liabilities due within one year	–	–
Other current liabilities	–	–
Total current liabilities	117,930,785.90	60,809,222.23
Non-current liabilities		
Long-term loans	–	–
Bonds payable	–	–
Long-term accounts payable	–	–
Specific accounts payable	–	–
Provisions	–	–
Deferred income tax liabilities	–	–
# Deferred tax credit	–	–
Other non-current liabilities	–	–
Including: Authorized reserve fund		
Total non-current liabilities	–	–
Total liabilities	117,930,785.90	60,809,222.23
Owners' equity (or shareholders equity)		
Paid-in capital (capital stock)	45,799,118.00	18,478,918.00
National capital		
Collective capital		
Corporation capital		
Including: State-owned legal person's capita		
Collective legal person's capital		
Personal capital		
Foreign businessman's capital		
Less: Investments returned		
Paid-in capital (or capital stock) net	45,799,118.00	18,478,918.00
Capital surplus	–	–
Less: Treasury stock		
Surplus reserves	–	–
Including: Legal surplus	–	–
Optional accumulation fund	–	–
Reserve fund	–	–
Enterprise expansion fund	–	–
Profits capitalized on return of investment		
General risk reserve	–	–
* # Unrealized investment loss (Filled in with '-')		
Undistributed profit	-103,617,059.88	-33,079,550.63
Including: Cash dividend		
* Undistributed profit		
Total owners' equity belonging to parent company	-57,817,941.88	-14,600,632.63
* Part owners' equity		
Total owners' equity	-57,817,941.88	-14,600,632.63
# *Minus*: Loss of assets		
Total owners' equity (Amount after deducting loss of assets)	-57,817,941.88	-14,600,632.63
Total liabilities and owners' equity	60,112,844.02	46,208,589.60

Note: The items with * in the statement shall be used specially for the consolidated accounting statement. The items with Δ in the statement shall be used for the enterprise implementing new accounting standard and not be completed by the other types of enterprises. The items with # in the statement shall be used for the enterprise implementing the enterprise accounting system, and not be completed by the enterprise implementing the new accounting standard.

Income Statement

in Yuan

Particulars	Amount for 2016	Amount for 2015
1. Total operating revenues	101,125,975.92	101,258,525.45
Including: Operating revenue	101,125,975.92	101,258,525.45
Including: Revenue from main operation	101,125,975.92	101,258,525.45
Revenue from other operations	–	–
2. Total operating costs	171,685,072.73	127,456,120.98
Including: Operating costs	–	–
Including: Cost of main operation	–	–
Costs of other operations	–	–
Taxes and surcharges on operations	483,975.30	613,052.76
Selling and distribution expenses	–	–
General and administrative expense	171,326,848.44	126,863,690.49
Including: Business entertainment	141,665.50	
Including: Research and R&D expense	–	
Financial expense	-125,751.01	-20,622.27
Including: Interest expense	–	–
Interest revenue	-9,562.64	–
Exchange net loss (-)	-149,117.66	–
Asset impairment losses	–	–
Others		
Plus: Gain or loss from changes in fair values (-)	–	–
Investment income	–	–
Including: Investment income from joint ventures and affiliates		
3. Operating income or loss (-)	-70,559,096.81	-26,197,595.53
Add: Non-operating income	21,587.56	–
Including: Income from disposal of non-current assets		
Income from exchange of non-monetary assets (non-cash deal income)		
Governmental subsidy (subsidy income)	–	–
Gains of debt restructuring		
Less: Non-operating expense	–	–
Including: Losses from disposal of non-current assets		
Losses from exchange of non-monetary assets (non-cash deal loss)		
Losses on debt restructuring		
4. Income or loss (-) before tax	-70,537,509.25	-26,197,595.53
Less: Income tax expenses	–	–
E.g. * # Unrealized investment loss		
5. Net income or loss (-)	-70,537,509.25	-26,197,595.53

Note: The items with * in the statement shall be used specially for the consolidated accounting statement. The items with Δ in the statement shall be used for the enterprise implementing new accounting standard and not be completed by the other types of enterprises. The items with # in the statement shall be used for the enterprise implementing the enterprise accounting system, and not be completed by the enterprise implementing the new accounting standard.

Statement of Cash Flows

in Yuan

Particulars	Amount for 2016	Amount for 2015
I. Cash flow from business activities		
Cash received from selling commodity or offering labor service	166,026,931.07	144,887,533.25
Refunds of taxes	–	
Other cash receipts relating to operating activities	2,401,025.72	232,726.66
Sub-total of cash inflows from operating activities	168,427,956.79	145,120,259.91
Cash payments for goods purchased and services	7,566,136.38	
Cash paid to or for employees	29,095,222.57	57,464,653.28
Various taxes paid	8,314,018.27	9,057,967.03
Other cash paid related to business activities	144,012,704.07	76,095,905.64
Sub-total of cash outflows from operating activities	188,988,081.29	142,618,525.95
Net amount of cash flow from business activities	-20,560,124.50	2,501,733.96
2. Cash flow from investment		
Cash received from recalling investment		
Cash received from investment profit	–	
Net amount of cash received from disposing fixed assets		
Intangible assets and other long-term assets	–	
Net cash receipts from disposals of subsidiaries and other business units		
Other cash received related to investment		
Sub-total of cash inflows from investing activities	–	–
Cash paid for purchasing fixed assets, intangible assets		
and other long-term assets	1,486,113.64	598,282.86
Cash paid for investment	–	
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid related to investment		
Sub-total of cash outflows from investing activities	1,486,113.64	598,282.86
Net amount of cash flow from investment	-1,486,113.64	-598,282.86
3. Cash flow from financing		
Cash received from accepting investment		27,320,200.00
Including: Net proceeds from issuance of minority equity securities of subsidiary		
Cash receipts from borrowings		–
Other cash received related to financing		–
Sub-total of cash inflows from financing activities	27,320,200.00	–
Cash paid for debts repayment		–
Cash paid for dividend and profit distribution or for interest		–
Including: Subsidiary companies pay cash to minority shareholders for interest		
Expenses and distribution of dividends or profit		
Other cash paid related to financing		
Sub-total of cash outflows from financing activities	–	–
Net amount of cash flow from financing	27,320,200.00	–
4. Effect of foreign exchange rate changes on cash and cash equivalents	149,117.66	36,269.43
5. Net amount of increase in cash or cash equivalent	5,423,079.52	1,939,720.53
Plus: Balance of cash and cash equivalents at the beginning of period	6,721,113.03	4,781,392.50
6. Balance of cash and cash equivalents at the end of period	12,144,192.55	6,721,113.03

Verifying articulation with Balance Sheet:

- Net increase in cash and cash equivalents RMB 5,423,079.52.
- Balance of cash and cash equivalent at the end of period RMB 12,144,192.55.

Statement of changes in owners' equity

in Yuan

Particulars	Balance of this year 2016								
	Owners' equity belonging to the parent company							Part owners' equity	Total owners' equity
	Paid-in capital	Net capital surplus	decrease in inventory stocks	Surplus from profits	General risk provisions	Undistributed profit	Others		
CLOSING BALANCE OF LAST YEAR	18,478,918.00	–	–	–	–	-33,079,550.63		–	-14,600,632.63
Add: Changes in accounting policies	–					–			–
Corrections of prior period errors						–			–
OPENING BALANCE OF THIS YEAR	18,478,918.00	–	–	–	–	-33,079,550.63	–	–	-14,600,632.63
INCREASES AND DECREASES OF THIS YEAR									
Minus: Decreases	27,320,200.00	–	–	–	–	-70,537,509.25	–	–	-43,217,309.25
Net income						-70,537,509.25			-70,537,509.25
Items of gains and losses directly recorded in the owners' equities						–			–
Net change in fair value of available-for-sale financial assets									–
Impact of change in other owners' equity of investee under equity method									–
Impact of income tax in relation to items recorded in owners' equity									–
Others									–
Subtotal of net profit and gains, and losses directly recorded in the owner equity						-70,537,509.25			-70,537,509.25
Capital invested and decreased by owner	27,320,200.00	–							27,320,200.00
Capital invested by owner	27,320,200.00								27,320,200.00
Amount of stock payment recorded in owners' equity	–								–
Others		–				–			–
INCOME BEFORE TAX				–		–			–
Appropriation to surplus reserves				–		–			–
Distribution to the owners (or shareholders)						–			–
Others						–			–
BALANCE DOWN OF THE OWNERS' EQUITIES	–	–		–		–			–
Capital surplus converted to capital (stock)	–	–							–
Surplus reserves converted to capital (or stock)	–			–					–
Surplus reserves to make up losses				–		–			–
Others									–
CLOSING BALANCE OF THIS YEAR	45,799,118.00	–	–	–	–	-103,617,059.88	–	–	-57,817,941.88

in Yuan

Particulars		Balance of previous year 2015							Part owners' equity	Total owners' equity
		Owners' equity belonging to the parent company								
		Paid-in capital	Net capital surplus	Decrease in treasury stock	Surplus from profits	General risk provisions	Undistributed profit	Others		
CLOSING BALANCE OF LAST YEAR	18,478,918.00					-6,881,955.10				11,596,962.90
Add: Changes in accounting policies									–	
Corrections of prior period errors									–	
OPENING BALANCE OF THIS YEAR	18,478,918.00	–	–	–	–	-6,881,955.10	–	–		11,596,962.90
INCREASES AND DECREASES OF THIS YEAR										
Minus: Decreases		–	–	–	–	–	-26,197,595.53	–	–	-26,197,595.53
Net income							-26,197,595.53			-26,197,595.53
Items of gains and losses directly recorded in the owners' equities							–			–
Net change in fair value of available-for-sale financial assets										–
Impact of change in other owners' equity of investee under equity method										–
Impact of income tax in relation to items recorded in owners' equity										–
Others										–
Subtotal of net profit and gains, and losses directly recorded in the owner equity							-26,197,595.53			-26,197,595.53
Capital invested and decreased by owner		–	–							–
Capital invested by owner										–
Amount of stock payment recorded in owners' equity										–
Others										–
INCOME BEFORE TAX					–		–			–
Appropriation to surplus reserves									–	
Distribution to the owners (or shareholders)									–	
Others										–
BALANCE DOWN OF THE OWNERS' EQUITIES	–	–		–		–			–	
Capital surplus converted to capital (stock)									–	
Surplus reserves converted to capital (or stock)									–	
Surplus reserves to make up losses									–	
Others										–
CLOSING BALANCE OF THIS YEAR	18,478,918.00	–	–	–	–	-33,079,550.63	–	–		-14,600,632.63

Taxable income amount adjustment statement

in Yuan

Particulars	2016
1. Total book profit	-70,537,509.25
2. Adjustment for additional taxable income tax	56,666.20
Overrun welfare expense	–
Overrun business entertainment expense	56,666.20
Loss on fine, penalty, and confiscated properties	–
Expenditure for tax delay charge	–
Expenditure for public welfare donations	–
Expenditure for other donations and sponsorships	–
Adjustment of fixed assets depreciation	–
C. Decrease in adjustment of taxable income amount	–
Taxable income after adjustment	-70,480,843.05

Note : 1. Only the items discovered in the auditing shall be adjusted in this statement.

2. The final adjustment amount shall be subject to the amount verified by the taxation authority in the governing jurisdiction.

Notes to accounting report In 2016

I Basic information of the Company

Lodestone Management Consultants Co., Ltd. (hereinafter referred to as the Company or Company), founded on December 2, 2010, is a limited liability company (foreign sole proprietorship of legal person) invested and established by Lodestone Holding AG. It was approved by Approval Certificate No. Z[2010] 3553 of Shanghai Government business of foreign capital and Shanghai sole proprietorship. The unified social credit code is : 91310000564827003R. The registered capital is US $ 6.93 million. Legal representative : Li Lin.

The Company's main business scope includes : corporation management consulting, business information consultation, technology development and technology transfer in the field of information technology, technology consulting, and technical services, development, integration and installation of business software, computer software design, development, sales of own products and providing related technical advisory services. (These operate with license when involved in administrative licensing).

II Description of the main accounting policies and accounting estimates

1 Accounting system

Implement the Accounting Standards for Enterprises and the supplementary provisions.

2 Accounting year

From January 1 to December 31 of Gregorian calendar.

3 Recording currency

RMB is used as the recording currency.

4 Accounting basis and valuation principles

The Company uses accrual basis as the accounting basis and uses historical cost as valuation principles.

5 Accounting method of foreign currency transactions

The foreign currency transaction should be converted as the standard money at the spot rate to record the account. At the end of term, the monetary projects in foreign currency should be converted by the end-term spot rate. The non-monetary projects in foreign currency calculated by historical cost should still be converted by the spot rate. The non-monetary projects in foreign currency calculated with fair value should be converted by the spot rate on the confirm day of fair value. The balance caused by the convert that is related to the purchase should be calculated into the purchase and construction cost of fixed assets before it reaches the reserved working condition. The balance caused by the convert that is not related to the purchase and construction of fixed assets but in the preparation period should be counted to the Management fees; that in the production and management period should be counted to the current financial expense.

6 The determining standard of cash and cash equivalents

- The cash should be the deposit-on-hand in the Company and ready for payments at any time;
- Cash equivalents are the cash that is kept by the Company with short duration (generally start from the purchase date and expire after three months), strong fluidity and are easy to convert to the known amounts, and the investment with small value change risk.

7 Fixed assets

Fixed assets standard.

The fixed asset standards include houses, buildings, machines, means of transport and other equipment, apparatus and tools associated with production and management, whose service lives are over one year. And materials whose unit values are over 2000 Yuan and service lives are more than two years and that do not belong to major equipment in production and management.

Valuation of fixed assets

Value according to the actual cost.

Classification and depreciation methods of fixed assets

Fixed assets are classified as: housings and buildings, machinery and equipment, transportation equipment, electronic equipment, office equipment and other equipment.

The depreciation is calculated and distilled by the straight-line method. The fixed assets classification, the expected service life, the yearly depreciation rates and estimated net salvage rate are as follows:

Asset category	Expected residual rate	Estimated service life	Annual depreciation rate
Office equipment	0	3 or 5 years	33.33% or 20.00%

8 Long-term unamortized expense

The Company's long-term unamortized expenses refer to the various expenses that are already spent but will be amortized after the normal production and operation or the amortization period is more than a year, mainly including organization costs. In addition that the organization costs should be counted in the profit and loss in the month of production and operation, long-term unamortized expenses should be amortized in balance during the expected benefit period of each project, and counted into the profit and loss of each amortization period.

9. Revenue recognition principles

Revenue from sales of goods

The Company has transferred the significant risks and rewards of property in the goods to the buyer. The Company no longer continues to manage and actually control the goods. The related revenue has received or obtained the evidence of collection. In addition, confirm the operation revenue when the costs related to the sale of the goods can be calculated reliably.

Income for services rendered

The income should be confirmed upon the completion of labor service that starts and completes within the same fiscal year. If the labor service starts and finishes in different fiscal years, the related service revenue with percentage-of-completion method should be confirmed at the Balance Sheet date provided that the result of service transaction can be reckoned reliably.

10 The accounting methods of income tax

- The tax payable method should be used in the accounting method of company income tax, which means to use the taxable income after the adjustment of pre-tax accounting benefit of this year as the cardinal number to calculate the current income tax according to relevant taxation regulations.
- The Company income tax should be pre-paid quarterly and approved by the main tax authorities. In the final settlement at the end of a year, income tax that is paid less shall be paid in the next year. Income tax that is paid more shall be reduced in the next year.

III Accounting policy, accounting estimate change and corrections of major accounting errors

- Accounting policy changes and effects

  No accounting policy change during the report period.
- Accounting estimate changes and effects

  No accounting estimate change during the report period.
- Accounting error corrections in the earlier stage

  No correction issue of major accounting errors in the earlier stage.

IV Tax item

in Yuan

Tax	Tax base	Tax rate (%)
Value-added tax	Sales revenue	6%
Urban construction tax	Circulation tax payable	7%
Added educational expenses	Circulation tax payable	3%
Added local educational expenses	Circulation tax payable	2%
Riverway management and maintenance fee	Circulation tax payable	1%
Income tax	Taxable income	25%

V Notes to the important projects in financial statement

(I) Notes to the related items of the Balance Sheet

1 Monetary capital

in Yuan

Item	Amount at the end of the period	Amount at the beginning of the period
Cash	114,307.67	1,369,969.29
Bank deposit	12,029,884.88	5,351,143.74
Total	12,144,192.55	6,721,113.03

2 Accounts receivable

Age analysis

in Yuan

Age	Amount at the end of the period			Amount at the beginning of the period			
	Amount	proportion (%)	Bad debt reserves	Bad debt reserves	Amount	Proportion (%)	Bad debt reserves
Total	30,605,051.86	100%		28,484,738.15	100%	100%	

3 Other accounts receivable

Age analysis

in Yuan

Age	Amount at the end of the period			Amount at the beginning of the period			
	Amount	proportion (%)	Bad debt reserves	Bad debt reserves	Amount	Proportion (%)	Bad debt reserves
Total	4,623,424.91	100.00%		2,083,485.35	100.00%	100%	

4 Prepayment

Age analysis

in Yuan

Age	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Proportion	Amount	Proportion
Total	10,951,183.19	100%	7,983,264.85	100%

5 Fixed assets and accumulated depreciation

in Yuan

Fixed assets	Amount at the beginning of the period	Increase in the period	Decrease in the period	Amount at the end of the period
Office equipment	1,743,511.30	1,486,113.64		3,229,624.94
Total	1,743,511.30	1,486,113.64		3,229,624.94
Accumulated depreciation	Amount at the beginning of the period	Increase in the period	Decrease in the period	Amount at the end of the period
Office equipment	807,523.09	633,110.35		1,440,633.43
Total	807,523.08	633,110.35		1,440,633.43
Net value of fixed assets	935,988.22	1,486,113.64	633,110.35	1,788,991.51

6 Accounts payable

in Yuan

Particulars	Amount at the end of the period	Amount at the beginning of the period
Accounts payable	2,973,051.76	7,571,269.80

7 Deposit received

in Yuan

Particulars	Amount at the end of the period	Amount at the beginning of the period
Deposit received	111,940,681.45	50,986,971.15

8 Employee pay payable

in Yuan

Particulars	Amount at the end of the period	Amount at the beginning of the period
Total	436,233.52	617,889.15

9 Tax payable

in Yuan

Particulars	Applicable tax rate	Amount at the end of the period	Amount at the beginning of the period
Value-added tax payable	6%	436,171.31	912,596.85
Urban maintenance and construction tax payable	7%	33,526.27	63,881.77
Education surcharge payable	3%	14,368.41	27,377.91
Local education surcharge payable	2%	9,578.95	18,251.94
River management fee payable	1%	4,789.48	9,125.98
Individual income tax payable		314,436.06	159,400.53
Total		812,870.48	1,190,634.98

10 Other payables

in Yuan

Particulars	Amount at the end of the period	Amount at the beginning of the period
Other payables	1,767,948.69	442,457.15

11 Paid-up capital / capital stock

in Yuan

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Lodestone Holding AG	18,478,918.00	27,320,200.00		45,799,118.00
Total	18,478,918.00	27,320,200.00		45,799,118.00

12 Undistributed profit

in Yuan

Particulars	In the period
Net profit of this year	-70,537,509.25
Plus: Undistributed profit at the beginning of the period	-33,079,550.63
Undistributed profit at the end of the period	-103,617,059.88

(B) Notes to relevant items in the profit statement

1 Operating income and operating cost

Main business income and cost

in Yuan

Category	Main business income		Main business cost	
	In this period	In the previous period	In this period	In the previous period
Total	101,125,975.92	101,258,525.45	–	–

2 Business tax and surcharge

in Yuan

Item	Amount incurred	
	in this period	in the previous period
Total	483,975.30	613,052.76

3 Overhead expense

in Yuan

Particulars	Amount incurred	
	in this period	in the previous period
Main items		
Service charge	106,677,105.86	
Traveling expense	25,651,538.46	
Employee pay	21,848,621.25	
Total	171,326,848.44	126,863,690.49

4 Financial expense

in Yuan

Particulars	Amount incurred in this period	Amount incurred in the previous period
Interest expenditure		
Minus : Interest income	9,562.64	9,946.22
Profit or loss on exchange	-149,117.66	-36,269.43
Service fee expense	32,929.29	25,593.38
Total	-125,751.01	-20,622.27

5 Non-operating income

in Yuan

Particulars	Amount incurred in this period	Amount incurred in the previous period
Total	21,587.56	

(C) Notes to relevant items in Cash Flow Statement

Items in Cash Flow Statement	Amount
1. Net cash flow generated from operating activities	-20,560,124.50
2. Net cash flow generated from investment activities	-1,486,113.64
3. Net cash flow generated from financing activities	27,320,200.00
4. Impact of change in exchange rate on cash and cash equivalents	149,117.66
5. Net increase in cash and cash equivalents	5,423,079.52

Contingency

There is no significant contingency to be disclosed by the Company.

Events after the Balance Sheet date

There is no significant event after the Balance Sheet date to be disclosed by the Company.

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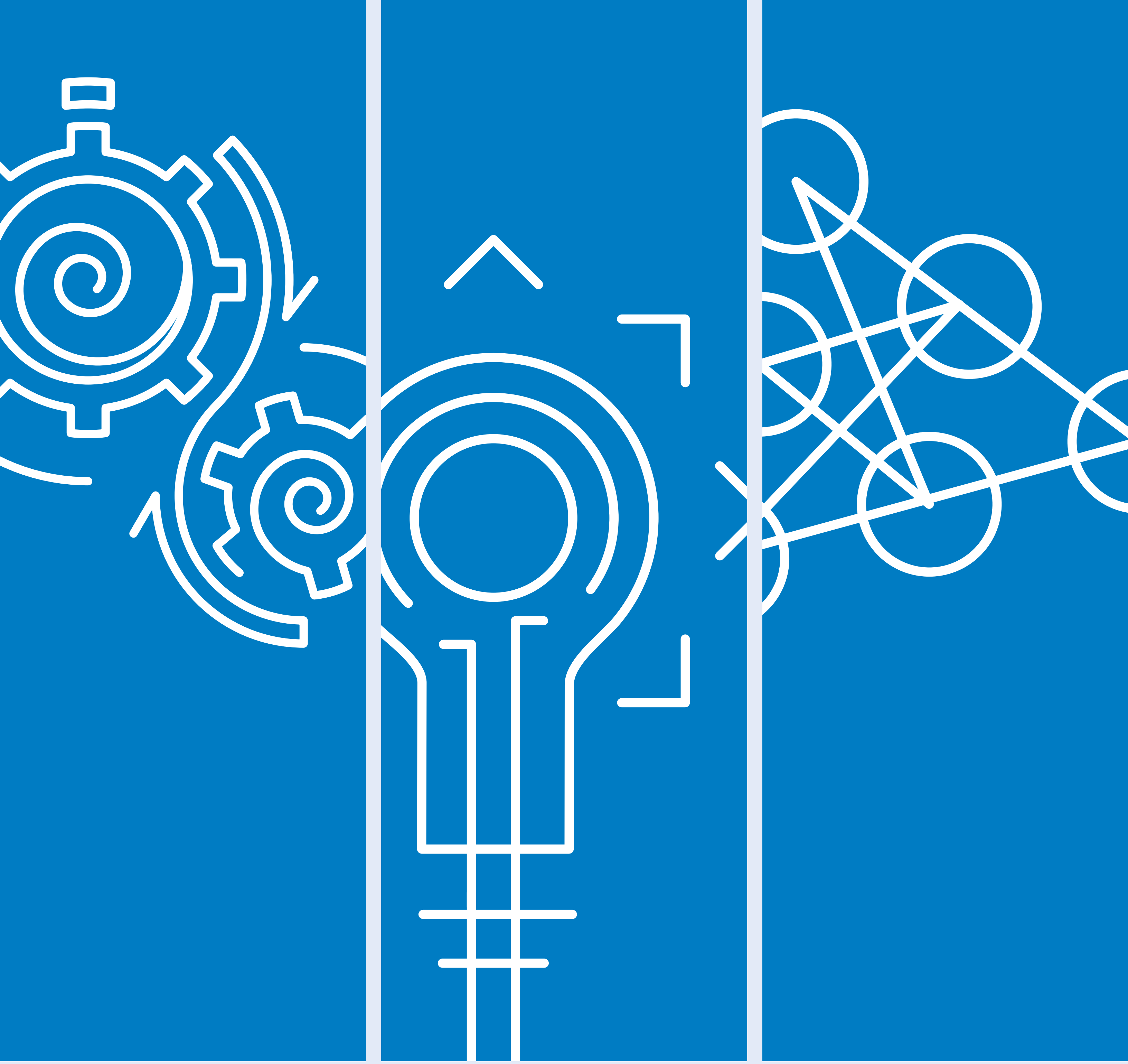

Infosys Consulting Ltda.

(formerly Lodestone Management Consultants Ltda.)

Independent Auditors' Report

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

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ('the Company'), which comprises the Balance Sheet as at 31 December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December 2016 and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

i. 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;

ii. 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;

iii. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
NON-CURRENT ASSETS				
Property, plant, and equipment	2.2	1,21,46,827	1,24,56,589	1,67,60,761
Income tax assets, net	2.15	75,92,536	–	–
Total-current assets		1,97,39,363	1,24,56,589	1,67,60,761
CURRENT ASSETS				
Financial assets				
Trade receivables	2.5	23,65,94,606	25,52,20,828	16,21,14,567
Cash and cash equivalents	2.6	7,70,11,064	5,06,29,539	3,82,39,425
Loans	2.3	70,84,565	48,79,146	1,62,83,055
Other financial assets	2.4	39,36,43,671	15,48,87,241	18,60,80,997
Other current assets	2.7	28,40,82,875	11,25,51,848	3,35,83,288
Total current assets		99,84,16,781	57,81,68,602	43,63,01,332
Total assets		1,01,81,56,144	59,06,25,191	45,30,62,093
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,36,87,20,917	1,23,21,64,646	39,65,645
Other equity		(1,25,90,17,355)	(1,05,18,87,541)	(1,13,13,45,885)
Total equity		10,97,03,562	18,02,77,105	(1,12,73,80,240)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2.9	30,07,13,489	5,54,74,712	1,26,93,01,072
Total non-current liabilities		30,07,13,489	5,54,74,712	1,26,93,01,072
Current liabilities				
Financial liabilities				
Trade payables	2.11	5,68,64,296	46,58,515	1,20,47,997
Other financial liabilities	2.10	41,12,56,161	31,65,01,893	20,26,19,004
Other current liabilities	2.12	11,04,89,311	3,07,81,259	9,38,58,509
Provisions	2.13	65,01,506	29,31,707	26,15,751
Income tax liabilities, net	2.15	2,26,27,819	–	–
Total current liabilities		60,77,39,093	35,48,73,374	31,11,41,261
Total equity and liabilities		1,01,81,56,144	59,06,25,191	45,30,62,093

The accompanying notes form part integral 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 Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Bengaluru
January 10, 2017

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.16	1,43,46,74,505	1,33,22,73,398
Other income, net	2.17	2,95,67,415	(46,65,68,064)
Total income		1,46,42,41,920	86,57,05,334
Expenses			
Employee benefit expenses	2.18	1,20,91,50,935	85,62,66,948
Cost of technical sub-contractors		14,01,48,476	15,38,47,121
Travel expenses		16,29,48,448	14,65,34,371
Communication expenses		1,48,20,596	84,19,962
Consultancy and professional charges		8,62,79,508	1,46,28,279
Finance cost		89,05,842	44,23,418
Depreciation	2.20	78,04,093	94,12,614
Other expenses	2.18	6,38,20,761	4,82,05,285
Total expenses		1,69,38,78,659	1,24,17,37,998
PROFIT / (LOSS) BEFORE TAX		(22,96,36,739)	(37,60,32,664)
Tax expense			
Current tax	2.15	2,15,70,717	(2,03,727)
(LOSS) FOR THE PERIOD		(25,12,07,456)	(37,58,28,937)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		4,40,77,642	45,52,87,281
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		4,40,77,642	45,52,87,281
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		(20,71,29,814)	7,94,58,344
LOSS PER EQUITY SHARE			
Equity shares of par value BRL 1/- each			
Basic and diluted		(3.15)	(19.71)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		7,98,27,448	1,90,68,654

The accompanying notes form part integral 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

Bengaluru
January 10, 2017

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Claudio Elsas
Director

Statement of Changes in Equity

In ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	39,65,645	(123,85,28,880)	10,71,82,995	(112,73,80,240)
Changes in equity for the year ended December 31, 2015				
Increase in share capital	122,81,99,001	–	–	122,81,99,001
Currency translation	–	–	45,52,87,281	45,52,87,281
Loss for the period	–	(37,58,28,937)	–	(37,58,28,937)
Balance as of December 31, 2015	123,21,64,646	(161,43,57,817)	56,24,70,276	18,02,77,105
Balance as of January 1, 2016	123,21,64,646	(161,43,57,817)	56,24,70,276	18,02,77,105
Changes in equity for the year ended December 31, 2016				
Increase in share capital	13,65,56,271	–	–	13,65,56,271.00
Currency translation	–	–	4,40,77,642	4,40,77,642
Loss for the period	–	(25,12,07,456)	–	(25,12,07,456)
Balance as of December 31, 2016	136,87,20,917	(186,55,65,273)	60,65,47,918	10,97,03,562

The accompanying notes form part integral 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 Infosys Consulting Ltda.

Claudio Elsas
Director

Bengaluru
January 10, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31, 2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	(25,12,07,456)	(37,58,28,937)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	78,04,093	94,12,614
Income tax expense	2,15,70,717	(2,03,727)
Allowance for credit losses on financial assets	(7,05,875)	34,12,760
Finance cost	89,05,842	44,23,418
Other adjustments	38,39,069	23,04,590
Exchange differences on translation of assets and liabilities	2,26,05,190	72,57,82,378
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(21,17,47,559)	(7,09,33,037)
Loans and other financial assets and other assets	(17,92,07,801)	(7,33,60,788)
Trade payables	5,22,05,781	(73,89,482)
Other financial liabilities, other liabilities and provisions	17,41,93,050	5,01,69,419
Cash generated from operations	(35,17,44,949)	26,77,89,208
Income taxes (paid) / refund	(65,35,434)	2,03,727
NET CASH USED IN / PROVIDED BY OPERATING ACTIVITIES	(35,82,80,383)	26,79,92,935
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant, and equipment net of sale proceeds	(47,99,045)	(1,11,91,880)
Loans to employees	(22,05,419)	1,14,03,909
NET CASH USED IN INVESTING ACTIVITIES	(70,04,464)	2,12,029
CASH FLOW FROM FINANCING ACTIVITIES		
Loan received / (paid), net of finance cost	23,63,32,935	(121,82,49,778)
Proceeds from issue of share capital	13,65,56,271	122,81,99,001
NET CASH GENERATED BY FINANCING ACTIVITIES	37,28,89,206	99,49,223
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,87,77,166	(26,57,64,073)
NET DECREASE IN CASH AND CASH EQUIVALENTS	76,04,359	27,81,54,187
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,06,29,539	3,82,39,425
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,70,11,064	5,06,29,539

The accompanying notes form part integral 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 Infosys Consulting Ltda.

Claudio Elsas
Director

Bengaluru
January 10, 2017

Significant accounting policies

Company overview

Infosys Consulting Ltda. is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant, and equipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 the 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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, 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[1]	5 years
Office equipment	5 years
Computer equipment[1]	3-5 years
Furniture and fixtures[1]	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[1] 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.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.13 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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

Functional currency

The functional currency of the Company is the BRL. These financial statements are presented in the Indian Rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at the exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain / loss on forward and options contracts and on translation of other assets and liabilities.

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.

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.

1.20 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they are incurred.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Consulting Ltda. for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	1,01,856	1,97,673	2,26,93,442	37,97,630	2,67,90,601
Additions	–	–	47,99,045	–	47,99,045
Translation difference	25,631	49,744	58,31,973	9,55,664	68,63,012
Gross carrying value as of December 31, 2016	1,27,487	2,47,417	3,33,24,460	47,53,294	3,84,52,658
Accumulated depreciation as of January 1, 2016	1,01,856	85,378	1,21,80,356	19,66,422	1,43,34,012
Depreciation	–	46,113	67,24,897	10,33,083	78,04,093
Translation difference	25,631	24,720	35,49,896	5,67,479	41,67,726
Accumulated depreciation as of December 31, 2016	1,27,487	1,56,211	2,24,55,149	35,66,984	2,63,05,831
Carrying value as of December 31, 2016	–	91,206	1,08,69,311	11,86,310	1,21,46,827
Carrying value as of January 1, 2016	–	1,12,295	1,05,13,086	18,31,208	1,24,56,589

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	5,69,127	4,07,505	1,82,18,997	1,59,86,709	3,51,82,338
Additions	–	1,18,835	1,10,60,162	–	1,11,78,997
Deletions	(3,09,016)	(1,93,833)	(43,999)	(77,03,943)	(82,50,791)
Translation difference	(1,58,255)	(1,34,834)	(65,41,718)	(44,85,136)	(1,13,19,943)
Gross carrying value as of December 31, 2015	1,01,856	1,97,673	2,26,93,442	37,97,630	2,67,90,601
Accumulated depreciation as of January 1, 2015	5,69,127	2,92,911	93,63,598	81,95,941	1,84,21,577
Depreciation	–	59,550	65,43,576	28,09,488	94,12,614
Accumulated depreciation on deletions	(3,09,016)	(1,74,255)	(31,680)	(63,96,309)	(69,11,260)
Translation difference	(1,58,255)	(92,828)	(36,95,138)	(26,42,698)	(65,88,919)
Accumulated depreciation as of December 31, 2015	1,01,856	85,378	1,21,80,356	19,66,422	1,43,34,012
Carrying value as of December 31, 2015	–	1,12,295	1,05,13,086	18,31,208	1,24,56,589
Carrying value as of January 1, 2015	–	1,14,594	88,55,399	77,90,768	1,67,60,761

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Loans to employees	70,84,565	48,79,146	1,62,83,055
Total loans	70,84,565	48,79,146	1,62,83,055

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Security deposits [(1)]	–	–	29,37,309
Unbilled revenues [(1)]	38,02,69,928	14,91,90,272	17,47,76,256
Others [(1)(2)]	1,33,73,743	56,96,969	83,67,432
Total	39,36,43,671	15,48,87,241	18,60,80,997
[(1)] Financial assets carried at amortized cost	39,36,43,671	15,48,87,241	18,60,80,997
[(2)] Includes dues from fellow subsidiaries *(Refer to Note 2.20)*	1,28,05,822	–	–

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[(1)]	23,65,94,606	25,52,20,828	16,21,14,567
Considered doubtful	8,35,315	27,00,088	–
	23,74,29,921	25,79,20,916	16,21,14,567
Less : Allowances for credit losses	8,35,315	27,00,088	–
	23,65,94,606	25,52,20,828	16,21,14,567
[(1)] Includes dues from holding company and fellow subsidiaries *(Refer to Note 2.20)*	6,03,77,809	10,49,65,522	3,81,42,286

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	7,70,11,064	5,05,97,856	3,82,12,456
Cash-on-hand	–	31,683	26,969
	7,70,11,064	5,06,29,539	3,82,39,425

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	1,80,049	–	–
Withholding taxes and others	28,39,02,826	11,25,51,848	3,35,83,288
Total other assets	28,40,82,875	11,25,51,848	3,35,83,288

2.8 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows :

in ₹

Particulars	As of		
	December 31		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	7,70,11,064	5,06,29,539	3,82,39,425
Trade receivables *(Refer to Note 2.5)*	23,65,94,606	25,52,20,828	16,21,14,567
Loans *(Refer to Note 2.3)*	70,84,565	48,79,146	1,62,83,055
Other financial assets *(Refer to Note 2.4)*	39,36,43,671	15,48,87,241	18,60,80,997
Total	71,43,33,906	46,56,16,754	40,27,18,044
Liabilities			
Borrowings *(Refer to Note 2.9)*	30,07,13,489	5,54,74,712	1,26,93,01,072
Trade payables *(Refer to Note 2.11)*	5,68,64,296	46,58,515	1,20,47,997
Other financial liabilities *(Refer to Note 2.10)*	35,06,96,636	25,50,36,812	6,12,76,530
Total	70,82,74,421	31,51,70,039	1,34,26,25,599

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The exchange rate between the Brazilian Real and the foreign currencies has changed substantially in recent years and the may fluctuate substantially in the future. Consequently, the result of the Company's operations are affected as the Brazilian Real appreciates / depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of December 31, 2016 :

in ₹

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	CHF	Other currencies	Total
Cash and cash equivalents	59,64,654	–	–	–	–	59,64,654
Trade receivables	1,59,59,466	–	6,33,362	–	–	1,65,92,828
Other financials assets (including loans)	3,31,258	–	–	–	9,05,693	12,36,951
Trade payables	–	(2,72,54,819)	(50,064)	(2,77,65,368)	(9,03,408)	(5,59,73,659)
Other financial liabilities	–	–	(2,03,61,088)	(26,92,15,523)	(18,41,145)	(29,14,17,756)
Net assets / (liabilities)	2,22,55,378	(2,72,54,819)	(1,97,77,790)	(29,69,80,891)	(18,38,860)	(32,35,96,983)

The following table analyzes foreign currency risk from financial instruments as of December 31, 2015 :

in ₹

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	CHF	Other currencies	Total
Cash and cash equivalents	–	–	4,28,73,220		–	4,28,73,220
Trade receivables	88,66,061	–	2,53,196	–	–	91,19,256
Other financials assets (including loans)	3,80,10,568	–	–	–	–	3,80,10,568
Trade payables	–	–	(1,90,372)	–	(7,21,775)	(9,12,147)
Other financial liabilities	(27,99,657)	–	(1,83,94,217)	(18,26,68,573)	–	(20,38,62,447)
Net assets / (liabilities)	4,40,76,972	–	2,45,41,827	(18,26,68,573)	(7,21,775)	(11,47,71,549)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹23,65,94,606 and ₹25,52,20,828 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to ₹38,02,69,928 and ₹14,91,90,272 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was ₹(7,05,875).

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2015 was ₹34,12,760.

in ₹

Particulars	For the year December 31,	
	2016	2015
Balance at the beginning	27,00,088	–
Impairment loss recognized / reversed	(7,05,875)	34,12,760
Amounts written off	–	–
Translation differences	2,92,318	(7,12,672)
Balance at the end	22,86,531	27,00,088

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents.

As of December 31, 2016, the Company had a working capital of ₹39,06,77,688 including cash and cash equivalents of ₹7,70,11,064. As of December 31, 2015, the Company had a working capital of ₹22,32,95,228 including cash and cash equivalents of ₹5,06,29,539.

2.9 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured loan from parent / fellow subsidiary *(Refer to Note 2.20)*	30,07,13,489	5,54,74,712	126,93,01,072
Total borrowings	30,07,13,489	5,54,74,712	126,93,01,072

2.10 Other financial liaiblities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	2,15,72,484	1,45,23,829	1,84,81,530
Accrued expenses [1]	5,13,48,814	1,69,39,128	7,64,403
Compensated absences	6,05,59,525	6,14,65,081	14,13,42,474
Other payables [2]	27,77,75,338	22,35,73,855	4,20,30,597
Total financial liabilities	41,12,56,161	31,65,01,893	20,26,19,004
Financial liability carried at amortized cost	35,06,96,636	25,50,36,812	6,12,76,530
[1] Includes dues to subsidiaries *(Refer to Note 2.20)*	3,58,15,639	13,65,008	–
[2] Includes dues to fellow subsidiaries *(Refer to Note 2.20)*	25,25,98,106	21,55,86,612	2,30,25,869

2.11 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	5,68,64,296	46,58,515	1,20,47,997
	5,68,64,296	46,58,515	1,20,47,997
[1] Includes dues to fellow subsidiaries *(Refer to Note 2.20)*	5,61,08,557	9,67,256	27,72,665

2.12 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	7,51,21,784	1,14,90,988	6,63,19,766
Withholding taxes and others	3,53,67,527	1,92,90,271	2,75,38,743
	11,04,89,311	3,07,81,259	9,38,58,509
	11,04,89,311	3,07,81,259	9,38,58,509

2.13 Provisions

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Post-sales client support and warranties	65,01,506	29,31,707	26,15,751
	65,01,506	29,31,707	26,15,751

2.14 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
8,26,56,615 (7,58,24,615) equity shares of BRL 1/- par value	136,87,20,917	123,21,64,646	39,65,645
Issued, subscribed and paid-up			
8,26,56,615 (7,58,24,615) equity shares of BRL 1/- par value	136,87,20,917	123,21,64,646	39,65,645
(Of the above, 8,26,56,605 equity shares are held by the holding company, Lodestone Holding AG)			
	136,87,20,917	123,21,64,646	39,65,645

The details of shareholder holding more than 5% shares are as follows:

in ₹, except as stated otherwise

Name of the shareholders	As at December 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	8,26,56,605	99.99	7,58,24,605	99.99

The reconciliation of the number of shares outstanding and the amount of share capital is as follows:

in ₹ crore, except as stated otherwise

Particulars	As at December 31,			
	2016		2015	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	7,58,24,615	123,21,64,646	1,50,000	39,65,645
Add: Shares issued during the year	68,32,000	13,65,56,271	7,56,74,615	122,81,99,001
Number of shares at the end of the period	8,26,56,615	136,87,20,917	7,58,24,615	123,21,64,646

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year December 31,	
	2016	2015
Current taxes	2,15,70,717	(2,03,727)
Income tax expense	2,15,70,717	(2,03,727)

Current tax expense for the year ended December 31, 2016 includes provisions amounting to ₹ 2,15,70,717 pertaining to previous periods.

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

in ₹

Particulars	For the year December 31,	
	2016	2015
Loss before income taxes	(22,96,36,739)	(37,60,32,664)
Enacted tax rates in Brazil	34.00%	34.00%
Computed expected tax expense	(7,80,76,491)	(12,78,51,106)
Tax provision	2,15,70,717	–
Effect of unrecognized deferred tax assets	7,80,76,491	12,78,51,106
Others	–	(2,03,727)
Income tax expense	2,15,70,717	(2,03,727)

The applicable Brazil statutory tax rate for fiscal 2017 and fiscal 2016 is 34%.

The following table provides the details of income tax assets and income tax liabilities:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	75,92,536	–	–
Current income tax liabilities	2,26,27,819	–	–
Net current income tax assets / (liability) at the end	(1,50,35,283)	–	–

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31, 2016	2015
Net current income tax asset / (liability) at the beginning	–	–
Income tax paid	65,35,434	(2,03,727)
Current income tax expense	(2,15,70,717)	2,03,727
Net current income tax asset / (liability) at the end	(1,50,35,283)	–

2.16 Revenue from operations

in ₹

Particulars	For the year ended December 31, 2016	2015
Income from Consultancy services	1,43,46,74,505	1,33,22,73,398
	1,43,46,74,505	1,33,22,73,398

2.17 Other income

in ₹

Particulars	For the year ended December 31, 2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	2,28,43,980	(54,98,33,525)
Miscellaneous income, net	67,23,435	8,32,65,461
	2,95,67,415	(46,65,68,064)

2.18 Expenses

in ₹

Particulars	For the year ended December 31, 2016	2015
Employee benefit expenses		
Salaries including bonus	1,20,84,89,479	84,88,88,871
Staff welfare	6,61,456	73,78,077
	1,20,91,50,935	85,62,66,948

in ₹

Particulars	For the year ended December 31, 2016	2015
Other expenses		
Power and fuel	12,844	7,62,744
Brand and marketing	65,46,220	8,82,958
Operating lease payments	2,08,97,166	1,25,24,612
Rates and taxes	1,37,84,327	1,04,29,732
Repairs and maintenance	1,51,45,030	74,17,748
Insurance	5,51,584	–
Provision for post-sales client support and warranties	28,65,401	9,52,176
Allowances for credit losses on financial assets	(7,05,875)	34,12,760
Others	47,24,064	1,18,22,555
	6,38,20,761	4,82,05,285

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under :

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	2,08,97,166	1,25,24,612

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows :

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	2,54,93,078	2,03,67,615	73,70,215
Later than 1 year and not later than 5 years	6,28,12,112	7,08,90,615	–
Later than 5 years	–	–	–

The operating lease arrangements, are renewable on a periodic basis and extend up to 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.

2.20 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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 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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*(3)	Australia
Lodestone Augmentis AG (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Infosys Consulting AG *(formerly Lodestone Managaement Consulatants AG)*(3)	Switzerland
Infosys Consulting Belgium *(formerly 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.
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (3)	Netherlands
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 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)(19)	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 subsidiary 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.

(18) Liquidated effective October 5, 2016.

(19) Liquidated effective November 16, 2016.

(20) Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Technologia DO Brasil LTDA	1,90,93,978	1,78,31,014	2,31,96,273
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	–	–	1,01,58,303
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	9,03,778	1,63,562	47,08,595
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	1,00,272	80,112	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	3,96,37,102	8,09,74,481	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	6,42,679	2,53,196	–
Lodestone Management Consultants Inc.	–	56,63,157	–
Lodestone Management Consultants Pty. Limited	–	–	79,116

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
	6,03,77,809	10,49,65,522	3,81,42,286
Other financial assets			
Infosys Technologia DO Brasil LTDA	1,19,69,455	–	–
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	8,36,367	–	–
	1,28,05,822	–	–
Borrowings			
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*[1]	20,14,10,143	–	1,26,93,01,072
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	9,93,03,346	5,54,74,712	–
	30,07,13,489	5,54,74,712	1,26,93,01,072
Trade payables			
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)*	50,076	–	26,14,810
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	8,36,367	7,21,775	–
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	–	–	1,10,463
Infosys Poland Sp Z.o.o	–	1,68,115	47,392
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	2,79,04,691	77,366	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	2,73,17,423	–	–
	5,61,08,557	9,67,256	27,72,665
Other financial liabilities			
Infosys Technologia DO Brasil LTDA	86,91,101	70,29,429	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	1,84,66,944	–	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	22,45,39,031	18,17,00,153	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	1,83,94,216	–
Lodestone Management Consultants Inc.	–	56,63,157	–
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)*	1,76,049	–	–
SC Infosys Consulting S.R.L. *(formerly S.C. Lodestone Management Consultants S.R.L.)*	–	–	–
Infosys Limited	7,24,981	–	–
Infosys Technologia DO Brasil LTDA	–	–	2,30,25,869
Lodestone Management Consultants GmbH	–	27,99,657	–
	25,25,98,106	21,55,86,612	2,30,25,869
Accrued expenses			
Infosys Limited	9,46,652	–	–
Infosys Technologia DO Brasil LTDA	3,48,68,987	13,65,008	–
	3,58,15,639	13,65,008	–

The above loans were taken in accordance with the terms and conditions of the loan agreement and carries an interest rate of 5% per annum each, and is repayable at the discretion of the lender.

[1] Loan Outstanding to Infosys Consulting Holding AG is converted to equity during the year ended December 31, 2015.

The details of the related parties transactions entered into by the Company are as follows:

in ₹ crore

Particulars	For the year ended December 31	
	2016	2015
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	13,65,56,271	1,22,81,99,001
	13,65,56,271	1,22,81,99,001
Borrowings, net of payment [1]		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	20,14,10,143	(1,26,93,01,072)
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	4,38,28,634	5,54,74,712
	24,52,38,777	(1,21,38,26,360)
Revenue transactions		
Purchase of services		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	3,10,41,639	14,00,994
Lodestone Management Consultants GmbH	2,46,640	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.)*	49,201	1,47,385
Infosys Consulting AG	2,72,86,883	–
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	2,67,85,133	–
	8,54,09,496	58,49,769
Purchase of shared services including facilities and personnel		
Sale of services		
Infosys Technologia DO Brasil LTDA	–	5,31,20,942
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	9,48,64,835
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	31,27,490	2,74,45,265
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	8,77,976	1,90,610
Lodestone Management Consultants Inc.	–	72,34,058
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	8,69,86,281	–
Infosys Consulting AG	4,69,73,950	–
	13,79,65,697	18,28,55,710

[1] Includes interest

2.21 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 – 'Segment-reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 – 'Segment-reporting'.

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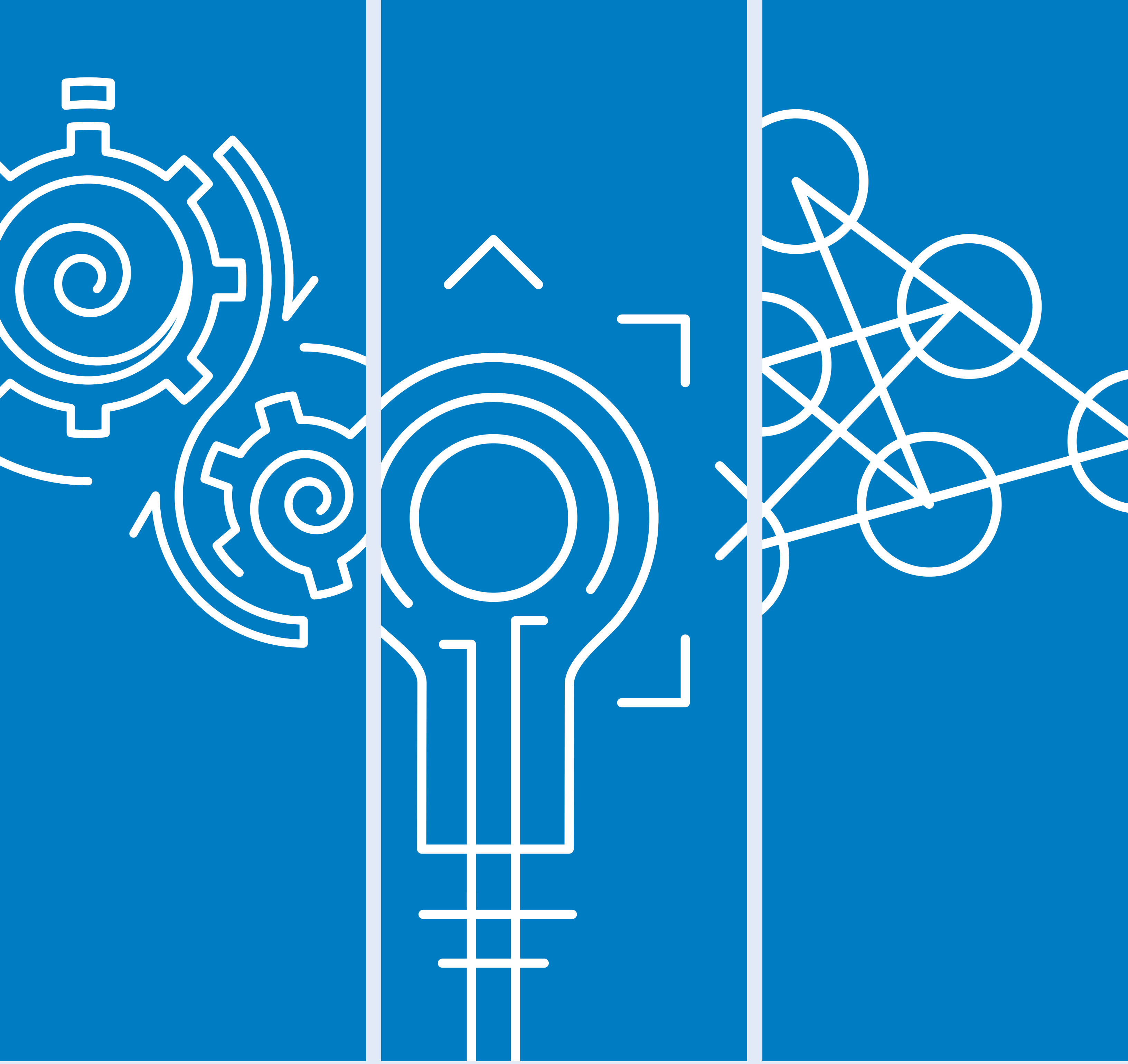

Infy Consulting B.V.

(formerly Lodestone Management Consultants B.V.)

Independent Auditors' Report

To the Members of Infy Consulting B.V. (formerly Lodestone Management Consultants B.V.)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infy Consulting B.V. (formerly Lodestone Management Consultants B.V.), ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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:

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number: 202841

Place: Bengaluru
Date: January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2.2	32,07,545	25,90,439	14,15,835
Financial assets				
Loans	2.3	13,72,13,194	–	6,68,095
Total non-current assets		14,04,20,739	25,90,439	20,83,930
CURRENT ASSETS				
Financial assets				
Trade receivables	2.5	13,68,51,176	19,54,67,337	10,31,88,623
Cash and cash equivalents	2.6	15,21,60,045	4,45,24,390	3,97,73,964
Loans	2.3	11,43,446	14,17,936	–
Other financial assets	2.4	4,03,36,323	8,37,98,439	1,56,56,716
Other current assets	2.7	3,90,45,114	11,98,38,841	1,86,70,071
Total current assets		36,95,36,104	44,50,46,943	17,72,89,374
Total assets		50,99,56,843	44,76,37,382	17,93,73,304
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2.9	53,27,009	53,27,009	53,27,009
Other equity		24,42,12,484	6,59,14,489	(2,74,86,435)
Total equity		24,95,39,493	7,12,41,498	(2,21,59,426)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	2.10	–	4,15,97,357	7,40,85,231
Total non-- current liabilities		–	4,15,97,357	7,40,85,231
Current liabilities				
Financial liabilities				
Trade payables	2.12	5,56,73,443	8,00,02,243	4,12,25,759
Other financial liabilities	2.11	8,26,90,327	8,84,01,006	5,05,19,761
Other current liabilities	2.13	7,64,92,032	14,04,75,021	3,57,01,979
Income tax liabilities, net	2.15	4,55,61,548	2,59,20,257	–
Total current liabilities		26,04,17,350	33,47,98,527	12,74,47,499
Total equity and liabilities		50,99,56,843	44,76,37,382	17,93,73,304

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of Infosys Consulting B.V.

Michael Jarosch
Director

Jubin Majlessi
Director

Statement of Profit and Loss

in ₹ , except equity share and per equity share data

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.16	141,02,55,012	86,73,49,144
Other income, net	2.17	(83,65,501)	(29,65,176)
Total income		140,18,89,511	86,43,83,968
Expenses			
Employee benefit expenses	2.18	55,68,79,019	41,04,59,781
Cost of technical sub-contractors		42,84,85,877	24,48,53,994
Travel expenses		8,01,19,487	5,76,82,363
Cost of software packages and others	2.18	86,164	–
Communication expenses		1,02,16,455	63,20,720
Consultancy and professional charges		7,21,78,974	1,64,97,415
Finance cost		2,07,986	6,78,963
Depreciation	2.2	22,34,216	13,07,372
Other expenses	2.18	8,74,750	1,13,87,420
Total expenses		115,12,82,928	74,91,88,028
PROFIT BEFORE TAX		25,06,06,583	11,51,95,940
Tax expense			
Current tax	2.15	6,37,00,295	2,53,20,446
Deferred tax	2.15	–	–
PROFIT FOR THE PERIOD		18,69,06,288	8,98,75,494
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(86,08,293)	35,25,430
Total other comprehensive income, net of tax		(86,08,293)	35,25,430
Total comprehensive income for the period		17,82,97,995	9,34,00,924
Earnings per equity share			
Equity shares of par value EUR 5/- each			
Basic and diluted (₹)		10,384	4,993
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		18,000	18,000

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of Infosys Consulting B.V.

Michael Jarosch
Director

Jubin Majlessi
Director

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31,	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit for the period	18,69,06,288	8,98,75,494
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation	22,34,216	13,07,372
Income tax expense	6,37,00,295	2,53,20,446
Allowance for credit losses on financial assets	(75,89,108)	69,53,981
Interest and dividend income	(5,85,826)	–
Other adjustments	5,51,945	(297)
Interest expense	2,07,986	6,78,963
Exchange differences on translation of assets and liabilities	(88,33,489)	32,32,283
Changes in assets and liabilities		
Trade receivables and unbilled revenue	7,17,64,269	(13,02,01,365)
Loans and other financial assets and other assets	11,86,96,843	(13,76,73,728)
Trade payables	(2,43,28,800)	3,87,76,484
Other financial liabilities, other liabilities and provisions	(7,02,45,613)	14,26,54,583
Cash generated from operations	33,24,79,006	4,09,24,216
Income taxes (paid) / refund	(4,40,59,004)	5,99,811
NET CASH GENERATED BY OPERATING ACTIVITIES	28,84,20,002	4,15,24,027
CASH FLOW FROM INVESTING ACTIVITIES :		
Expenditure on property, plant and equipment, net of sale proceeds	(28,51,358)	(24,99,514)
Interest and dividend received on investments	5,85,826	–
NET CASH USED IN INVESTING ACTIVITIES	(22,65,532)	(24,99,514)
CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of borrowings, net of interest	(4,18,05,343)	(3,31,66,837)
Loans to employees	(1,10,07,456)	(14,17,936)
Loans to subsidiaries	(12,59,31,248)	–
NET CASH USED IN FINANCING ACTIVITIES	(17,87,44,047)	(3,45,84,773)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	2,25,232	3,10,686
NET DECREASE IN CASH AND CASH EQUIVALENTS	10,74,10,423	44,39,740
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,45,24,390	3,97,73,964
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,21,60,045	4,45,24,390

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of Infosys Consulting B.V.

Michael Jarosch
Director

Jubin Majlessi
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	53,27,009	(2,53,53,351)	(21,33,084)	(2,21,59,426)
Changes in equity for the year ended December 31, 2015				
Currency translation	–	–	35,25,430	35,25,430
Profit for the period	–	8,98,75,494	–	8,98,75,494
Balance as of December 31, 2015	53,27,009	6,45,22,143	13,92,346	7,12,41,498
Balance as of January 1, 2016	53,27,009	6,45,22,143	13,92,346	7,12,41,498
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	(86,08,293)	(86,08,293)
Profit for the period	–	18,69,06,288	–	18,69,06,288
Balance as of December 31, 2016	53,27,009	25,14,28,431	(72,15,947)	24,95,39,493

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of Infosys Consulting B.V.

Michael Jarosch
Director

Jubin Majlessi
Director

Significant accounting policies

Company overview

Infosys Consulting B.V. (formerly Lodestone Management Consultants B.V.) is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding 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

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant andequipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(1) 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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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

Functional currency

The functional currency of the Company is the EUR. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

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.

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.

1.20 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they are incurred.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Consulting B.V.(formerly Lodestone Management Consultants B.V.) for the year ended December 31, 2016, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	53,282	45,51,743	5,52,860	51,57,885
Additions	–	28,51,358	–	28,51,358
Translation difference	(332)	(87,242)	(3,450)	(91,024)
Gross carrying value as of December 31, 2016	52,950	73,15,859	5,49,410	79,18,219
Accumulated depreciation as of January 1, 2016	53,282	20,85,697	4,28,467	25,67,446
Depreciation	–	21,05,249	1,28,967	22,34,216
Translation difference	(332)	(82,632)	(8,024)	(90,988)
Accumulated depreciation as of December 31, 2016	52,950	41,08,314	5,49,410	47,10,674
Carrying value as of December 31, 2016	–	32,07,545	–	32,07,545
Carrying value as of January 1, 2016	–	24,66,046	1,24,393	25,90,439

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	1,12,415	20,91,145	5,87,208	27,90,768
Additions	–	24,99,514	–	24,99,514
Deletions	(53,571)	–	–	(53,571)
Translation difference	(5,562)	(38,916)	(34,348)	(78,826)
Gross carrying value as of December 31, 2015	53,282	45,51,743	5,52,860	51,57,885
Accumulated depreciation as of January 1, 2015	1,12,415	10,30,135	2,32,383	13,74,933
Depreciation	–	11,01,551	2,05,821	13,07,372
Accumulated depreciation on deletions	(53,571)	–	–	(53,571)
Translation difference	(5,562)	(45,989)	(9,737)	(61,288)
Accumulated depreciation as of December 31, 2015	53,282	20,85,697	4,28,467	25,67,446
Carrying value as of December 31, 2015	–	24,66,046	1,24,393	25,90,439
Carrying value as of January 1, 2015	–	10,61,010	3,54,825	14,15,835

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-Current			
Unsecured, considered good			
Other Loans			
Loans to employees	1,12,81,946	–	6,68,095
	1,12,81,946	–	6,68,095
Unsecured, considered doubtful			
Loan to Parent Company *(Refer to Note 2.19)*	12,59,31,248	–	–
	13,72,13,194	–	6,68,095

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Other loans			
Loans to employees	11,43,446	14,17,936	–
	11,43,446	14,17,936	–
Total Loans	13,83,56,640	14,17,936	6,68,095

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Security deposits [1]	–	–	3,56,258
Unbilled revenues [1]	4,03,36,323	4,58,95,323	1,49,26,653
Others [1][2]	–	3,79,03,116	3,73,805
Total	4,03,36,323	8,37,98,439	1,56,56,716
[1] Financial assets carried at amortized cost	4,03,36,323	8,37,98,439	1,56,56,716
[2] Includes dues from subsidiaries *(Refer to Note 2.19)*	–	3,79,03,116	–

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	13,68,51,176	19,54,67,337	10,31,88,623
Considered doubtful	4,04,190	80,51,175	13,34,504
	13,72,55,366	20,35,18,512	10,45,23,127
Less : Allowances for credit losses	4,04,190	80,51,175	13,34,504
	13,68,51,176	19,54,67,337	10,31,88,623
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.19)*	3,42,16,665	10,23,67,175	8,25,84,435

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	15,21,60,045	4,45,24,390	3,97,73,964
	15,21,60,045	4,45,24,390	3,97,73,964

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	1,24,625	58,690	–
Withholding taxes and others	3,89,20,489	11,97,80,151	1,86,70,071
	3,90,45,114	11,98,38,841	1,86,70,071
Total other assets	3,90,45,114	11,98,38,841	1,86,70,071

2.8 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in ₹

Particulars	As at		
	December 31		January 1
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	15,21,60,045	4,45,24,390	3,97,73,964
Trade receivables *(Refer to Note 2.5)*	13,68,51,176	19,54,67,337	10,31,88,623
Loans *(Refer to Note 2.3)*	13,83,56,640	14,17,936	6,68,095
Other financial assets *(Refer to Note 2.4)*	4,03,36,323	8,37,98,439	1,56,56,716
Total	46,77,04,184	32,52,08,102	15,92,87,398
Liabilities			
Borrowings *(Refer to Note 2.10)*	–	4,15,97,357	7,40,85,231
Trade payables *(Refer to Note 2.12)*	5,56,73,443	8,00,02,243	4,12,25,759
Other financial liabilities *(Refer to Note 2.11)*	5,99,82,043	6,83,49,525	4,17,54,189
Total	11,56,55,486	18,99,49,125	15,70,65,179

All the above financial instruments are carried at amortized cost and the carrying values approximate their fair value.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹13,68,51,176 and ₹19,54,67,337 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to ₹4,03,36,323 and ₹4,58,95,323 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits, and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was ₹75,89,108.

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2015 was ₹69,53,981.

in ₹

Particulars	Year ended December 31,	
	2016	2015
Balance at the beginning	80,51,175	13,34,504
Impairment loss recognized / reversed	(75,89,108)	69,53,981
Amounts written off	-	-
Translation differences	1,40,181	(2,37,310)
Balance at the end	6,02,248	80,51,175

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2016, the Company had a working capital of ₹10,91,18,754 including cash and cash equivalents of ₹15,21,60,045. As of December 31, 2015, the Company had a working capital of ₹11,02,48,416 including cash and cash equivalents of ₹4,45,24,390.

2.9 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
18,000 (18,000) equity shares of EUR 5/- par value	53,27,009	53,27,009	53,27,009
Issued, subscribed and Paid-up			
18,000 (18,000) equity shares of EUR 5/- par value	53,27,009	53,27,009	53,27,009
[Of the above, 18,000 (18,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]			
	53,27,009	53,27,009	53,27,009

The details of shareholders holding more than 5% shares are as follows :

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	18,000	100	18,000	100

2.10 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured loan from parent *(Refer to Note 2.19)*	–	4,15,97,357	7,40,85,231
	–	4,15,97,357	7,40,85,231
Total borrowings	–	4,15,97,357	7,40,85,231

2.11 Other financial liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	2,85,41,604	2,24,51,817	1,61,48,077
Accrued expenses (1)	2,48,97,002	3,17,60,792	2,56,06,112
Compensated absences	2,27,08,284	2,00,51,481	87,65,572
Other payables (2)	65,43,437	1,41,36,916	–
	8,26,90,327	8,84,01,006	5,05,19,761
Total financial liabilities	8,26,90,327	8,84,01,006	5,05,19,761
Financial liability carried at amortized cost	5,99,82,043	6,83,49,525	4,17,54,189
(1) Includes dues to subsidiaries *(Refer to Note 2.19)*	1,20,08,776	1,12,04,025	–
(2) Includes dues to subsidiaries *(Refer to Note 2.19)*	61,49,700	1,40,88,692	–

2.12 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables (1)	5,56,73,443	8,00,02,243	4,12,25,759
	5,56,73,443	8,00,02,243	4,12,25,759
(1) Includes dues to subsidiaries *(Refer to Note 2.19)*	4,83,12,445	5,83,21,336	3,49,49,422

2.13 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	68,79,368	80,87,947	–
Others			
Withholding taxes and others	6,96,12,664	13,23,87,074	3,57,01,979
Total other liabilities	7,64,92,032	14,04,75,021	3,57,01,979

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Current taxes	6,37,00,295	2,53,20,446
Income tax expense	6,37,00,295	2,53,20,446

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

in ₹

Particulars	Year ended December 31,	
	2016	2015
Profit before income taxes	25,06,06,583	11,51,95,940
Enacted tax rates in Netherlands	25.00%	25.00%
Computed expected tax expense	6,26,51,646	2,87,98,985
Overseas taxes	10,62,102	–
Effect of unrecognized deferred tax assets	–	(34,78,539)
Others	(13,453)	–
Income tax expense	6,37,00,295	2,53,20,446

The applicable the Netherlands statutory tax rate for fiscal 2017 and fiscal 2016 is 25%.

The following table provides the details of income tax assets and income tax liabilities as of December 31, 2016, December 31, 2015 and January 1, 2015.

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	–	–
Current income tax liabilities	4,55,61,548	2,59,20,257	–
Net current income tax assets / (liability) at the end	(4,55,61,548)	(2,59,20,257)	–

The gross movement in the current income tax asset / (liability) for the year ended December 31, 2016 and December 31, 2015 is as follows:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(2,59,20,257)	–
Income tax paid	4,40,59,004	(5,99,811)
Current income tax expense	(6,37,00,295)	(2,53,20,446)
Income tax on other comprehensive income	–	–
Net current income tax asset / (liability) at the end	(4,55,61,548)	(2,59,20,257)

2.15 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2016	2015
Income from consultancy services	1,41,02,55,012	86,73,49,144
	1,41,02,55,012	86,73,49,144

2.16 Other income

in ₹

Particulars	Year ended December 31,	
	2016	2015
Interest received on financial assets - carried at amortized cost		
Deposit with bank and others	5,85,826	–
Exchange gains / (losses) on translation of other assets and liabilities	(89,51,327)	(29,65,176)
	(83,65,501)	(29,65,176)

2.17 Expenses

in ₹

Particulars	Year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	55,36,03,733	40,96,29,678
Staff welfare	32,75,286	8,30,103
	55,68,79,019	41,04,59,781
Cost of software packages and others		
For own use	86,164	–
	86,164	–

in ₹

Particulars	Year ended December 31,	
	2016	2015
Other expenses		
Power and fuel	18,983	–
Brand and marketing	14,82,018	19,55,482
Operating lease payments	25,25,399	58,268
Rates and taxes	1,49,829	–
Repairs and maintenance	12,90,136	27,292
Insurance	3,27,649	(2,929)
Provision for post-sales client support and warranties	(420)	(296)
Allowances for credit losses on financial assets	(75,89,108)	69,53,981
Others	26,70,264	23,95,622
	8,74,750	1,13,87,420

2.19 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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.

Name of subsidiaries	Country
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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*[(3)]	Australia
Lodestone Augmentis AG [(6)(18)]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [(3)(20)]	Switzerland
Infosys Consulting (Belgium)NV (formerly 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 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 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)(19)]	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016 .

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31, 2015		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	–	–	2,90,29,341
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	8,58,619	–	–
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.)*	3,33,58,046	9,43,93,855	3,00,73,717
Lodestone Management Consultants Inc.	–	18,12,477	–
	3,42,16,665	10,23,67,175	8,25,84,435
Prepaid and other financial assets			
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) S.A.)* (4)	–	2,01,83,730	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	–	1,77,19,386	–
	–	3,79,03,116	–
Borrowings			
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)* *	–	4,15,97,357	7,40,85,231
	–	4,15,97,357	7,40,85,231
Trade payables			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	65,35,826	25,83,728	1,92,29,037
Lodestone Management Consultants Inc. (3)	10,54,549	–	–
Infosys Consulting Sp. Z.o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)*	7,18,217	13,15,507	3,90,137
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	36,64,340	8,00,252	26,88,543
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) S.A.)* (4)	3,23,44,345	2,81,13,789	70,73,816
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	29,55,209	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	19,72,733		
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	20,22,435	1,52,16,726	–
	4,83,12,445	5,83,21,336	3,49,49,422
Other financial liabilities			
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	35,65,118	–
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	39,06,194	–
Infosys Ltd.	61,49,700	–	–
Infosys Consulting Pte Ltd *(formerly Lodestone Management Consultants Pte Ltd.)*	–	66,17,380	–
	61,49,700	1,40,88,692	–
Accrued expenses			
Infosys Ltd.	5,44,406	–	–
Infosys (Poland) Sp Z.o.o	1,14,64,370	1,12,04,025	–
	1,20,08,776	1,12,04,025	–

*The above loan was given in accordance with the terms and conditions of the loan agreement, and carries an interest rate of

1% per annum each, and is repayable at the discretion of the lender.

The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions:		
Financing transactions		
Loans given		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	12,59,31,248	–
	12,59,31,248	–
Loans Taken / (Repaid)		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	(4,15,97,357)	(3,24,87,874)
	(4,15,97,357)	(3,24,87,874)
Revenue transactions:		
Purchase of services		
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) S.A.)* (4)	18,64,77,085	8,14,58,727
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,04,69,861	1,72,17,919
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	1,34,45,987	1,82,12,177
Infosys Consulting Sp. z.o.o. *(formerly Lodestone Management Consultants Sp. z.o.o.)*	6,71,216	38,46,318
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	8,03,59,117	2,77,44,029
Infosys (Poland) Sp Z.o.o	–	1,11,41,746
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	80,52,764	74,13,814
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	3,65,62,192	1,23,67,710
	33,60,38,222	17,94,02,440
Interest income		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	5,85,826	–
	5,85,826	–
Interest expense		
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	2,07,986	6,78,963
	2,07,986	6,78,963
Sale of services		
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) S.A.)* (4)	2,21,43,498	–
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	1,55,59,858	1,65,12,781
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,19,16,910	2,48,48,053
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	56,33,05,340	32,99,23,225
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)*	–	19,03,42,051
Lodestone Management Consultants Inc	53,99,780	1,06,27,060
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	58,25,284	–
Infosys Consulting Sp. z.o.o. (formerly Lodestone Management Consultants Sp. z.o.o.)	36,72,584	–
	62,78,23,254	57,22,53,170

2.20 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'Management approach', as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment Reporting'.

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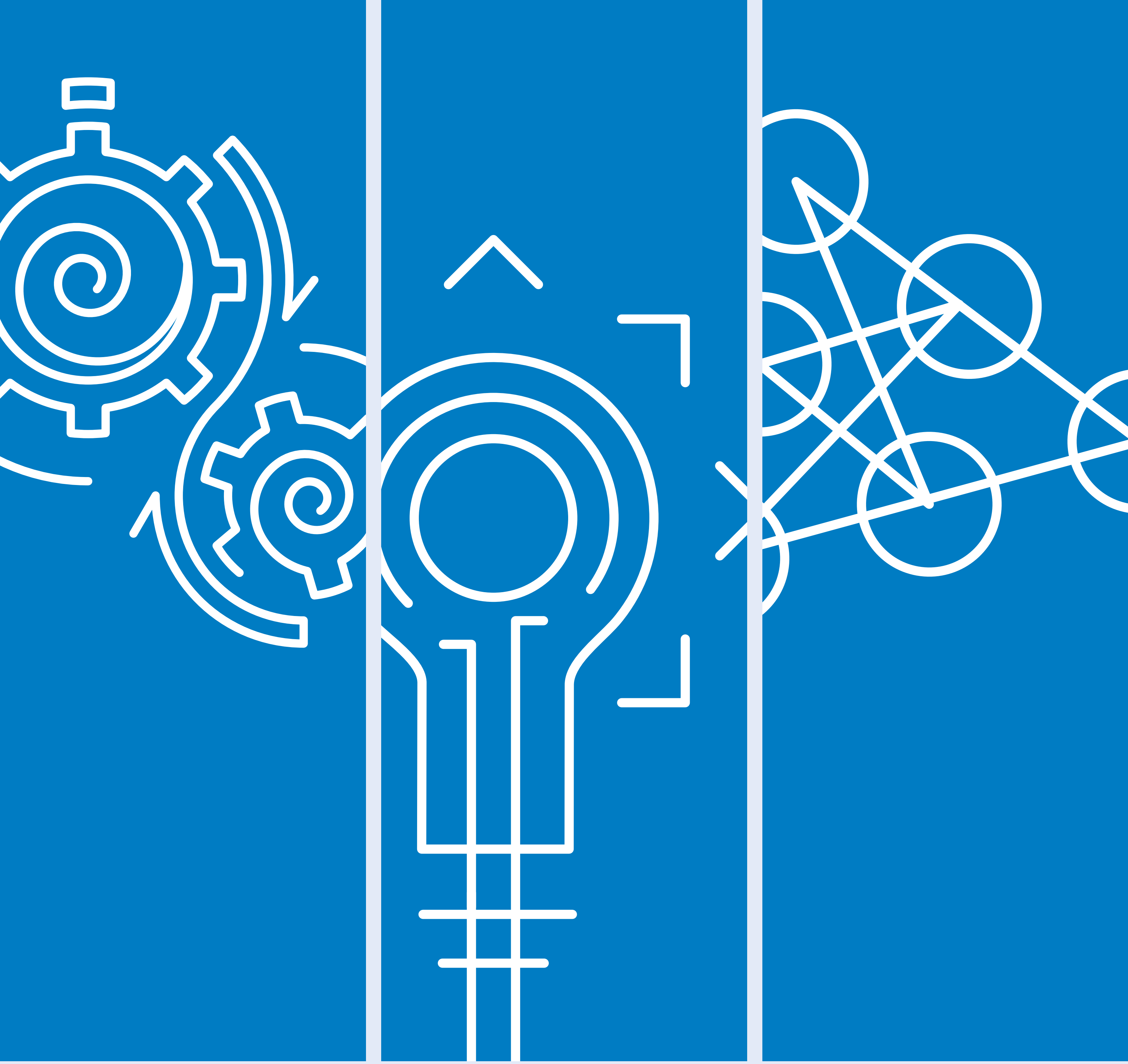


Infosys Technologies (Sweden) AB

Auditors' Report

To the general meeting of the shareholders of Infosys Technologies (Sweden) AB, Corp. ID 556779-1040

Report on the annual accounts

Opinions

We have audited the annual accounts of Infosys Technologies (Sweden) AB for the year 2016.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Infosys Technologies (Sweden) AB as of 31 December 2016 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the Income Statement and Balance Sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditors' Responsibilities Section. We are independent of Infosys Technologies (Sweden) AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors is responsible for the assessment of the Company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors', use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Infosys Technologies (Sweden) AB for the year 2016 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditors' Responsibilities Section. We are independent of Infosys Technologies (Sweden) AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's type of operations, size and risks place on the size of the Company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's financial situation and ensuring that the Company's organization is designed so that the accounting, Management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner.

Auditors' Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect :

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Auditors' Report

To the Board of Infosys Technologies (Sweden) AB

Registration number : 556779-1040

The undersigned Board Members of Infosys Technologies (Sweden) AB hereby certifies that this copy of the Annual Report is consistent with the original and that the financial statement is set in the Annual General Meeting on 2017. The meeting resolved to approve the Board's proposal for profit distribution.

Stockholm 2017

Rajesh Krishnamurthy

Management Report

General business information

The primary function of the Company is to provide technology solutions which can improve the clients business results. The Company should provide solutions that extend across the entire software lifecycle regarding technical advice, design, development, change, maintenance, system integration, package evaluation and implementation, testing, and management infrastructure. The Company conducts business through the Norway branch of Infosys Technologies Sweden (AB).

Information about the parent company

Infosys Technologies Limited Electronic City (L85110KA1992PLC011315), Hosur Road, Bengaluru - 560 100, India, is the parent company that does the consolidation in the largest group that Infosys Technologies (Sweden) AB is included.

Significant events during and after the end of the financial year The 1st of January 2017, Infosys Technologies Sweden (AB), Norway branch has been wound up. The decision is a part of the activity of consolidating the functions globally. All the functions of the Norway branch shall be carried out from the Sweden subsidiary itself.

During the year, the Company has received a shareholders contribution with SEK 7.257.972. After year end, the Company has received a shareholders contribution with SEK 24.000.000.

Multiple year overview (TSEK)	2016	2015	2014	2013
Net sales	145 818	108,437	45,953	3,298
Result after financial items	(13 543)	(56,351)	806	(69)
Solidity %	5.6	9.51	20.0	–

For definitions of key figures, refer to Notes to the financial statement.

Change in equity	Share capital	Retained earnings	Result of the year	Total equity
Amounts opening balance 2016-01-01	100,000	66,627,391	(56,358,048)	10,369,343
Movement previous years result	–	(56,358,048)	56,358,048	–
Shareholders' contribution	–	7,257,972	–	7,257,972
This year's result	–	–	(13,543,035)	(13,543,035)
Amounts for the year ended December 31, 2016	100,000	17,527,315	(13,543,035)	4,084,280

Distribution of the result

Funds to distribute	
Retained earnings	17,527,315
This year's result	(13,543,035)
	3,984,280
Proposed distribution	
Carried forward	3,984,280
	3,984,280

Regarding the Company´s results and financial position, refer to the following Income Statement and Balance Sheet with accompanying explanatory notes.

Income Statement

in SEK

Particulars	Note	January 1 to December 31, 2016	2015
Operating income			
Net sales	2	145,817,551	108,437,250
Total net sales		145,817,551	108,437,250
Operating expenses			
Other external expenses	2	(72,068,619)	(83,644,839)
Personnel costs	3	(85,404,178)	(79,693,900)
Total operating expenses		(157,472,797)	(163,338,739)
Operating result		(11,655,246)	(54,901,489)
Result from financial items			
Other interest income and similar items	4	5,920	90
Interest expense and similar items	5	(1,893,709)	(1,449,601)
Total result from financial items		(1,887,789)	(1,449,511)
Result after financial items		(13,543,035)	(56,351,000)
Result before tax		(13,543,035)	(56,351,000)
Tax on profit		–	(7,048)
Result of the year		(13,543,035)	(56,358,048)

Balance Sheet

in SEK

Particulars	December 31, 2016	2015
ASSETS		
Current assets		
Receivables		
Accounts receivable	18,084,503	12,650,433
Intercompany receivables	14,858,137	81,336,682
Other receivables	1,504,912	3,155,309
Prepaid expenses and accrued income	11,827,098	7,353,212
Total receivables	46,274,650	104,495,636
Cash and bank	26,319,142	4,496,095
Total current assets	72,593,792	108,991,731
TOTAL ASSETS	72,593,792	108,991,731

in SEK

Particulars	December 31, 2016	2015
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (1,000 shares)	100,000	100,000
Total restricted equity	100,000	100,000
Unrestricted equity		
Retained earnings	17,527,315	66,627,391
Result of the year	(13,543,035)	(56,358,048)
Total unrestricted equity	3,984,280	10,269,343
Total equity	4,084,280	10,369,343
Short-term liabilities		
Liabilities to group companies	31,988,227	71,032,996
Other liabilities	5,220,953	4,558,613
Accrued expenses and prepaid income	31,300,332	23,030,779
Total short-term liabilities	68,509,512	98,622,388
TOTAL EQUITY AND LIABILITIES	72,593,792	108,991,731

Notes to the financial statements

Note 1

Notes with accounting principles

The annual report has been established in accordance with Årsredovisningslagen (1995:1554) and Bokföringsnämndens general advice BFNAR 2016:10 Årsredovisning och Koncernredovisning ('K2').

Accounting currency

The annual report is prepared in SEK, if nothing else is presented.

Foreign currencies

Monetary assets and liabilities in foreign currencies are valued at the closing rate. Transactions in foreign currencies are calculated at the transaction date.

Income taxes

Current taxes are based on tax rates and tax rules that apply on the Balance Sheet date.

Other receivables

Receivables are recognized as current assets, except for items with a maturity that is 12 months after the Balance Sheet date, which are classified as fixed assets. Receivables are reported to the amount expected to be received after deductions for individually assessed doubtful receivables.

Solidity

Adjusted equity as a percentage of total assets.

Note 2

Purchases and sales between group companies:

Particulars	December 31,	
	2016	2015
This year's sales to group companies	68.5%	83.3%
This year's costs from group companies	28.1%	29.0%

Note 3

Average employees

Particulars	December 31,	
	2016	2015
Average employees		
Average male employees	71	75
Average female employees	31	39
Total	102	114

Note 4

Other interest income and similar items:

Particulars	December 31,	
	2016	2015
Interest income, group companies	5,920	–
	5,920	–

Note 5

Interest cost and similar items

Particulars	December 31,	
	2016	2015
Interest cost, group companies	(1,719,288)	(660,986)
Exchange differences	(174,421)	–
	(1,893,709)	(660,986)

Note 6 - Group information

Infosys Technologies (Sweden) AB is a subsidiary of Infosys Technologies Limited, Electronic City, (L85110KA1992PLC011315), based in India. The parent company prepares consolidated financial statements in which this Company is included.

Note 7 - Significant events after year end

Infosys Technologies Sweden (AB), Norway branch, as on the 1st of January 2017 been wound up. The decision is a part of the activity of consolidating the functions globally. All the functions of the Norway branch shall be carried out from the Sweden subsidiary itself.

After year end, the Company has received a capital contribution with SEK 24.000.000.

Stockholm 2017

Rajesh Krishnamurthy
Chairman

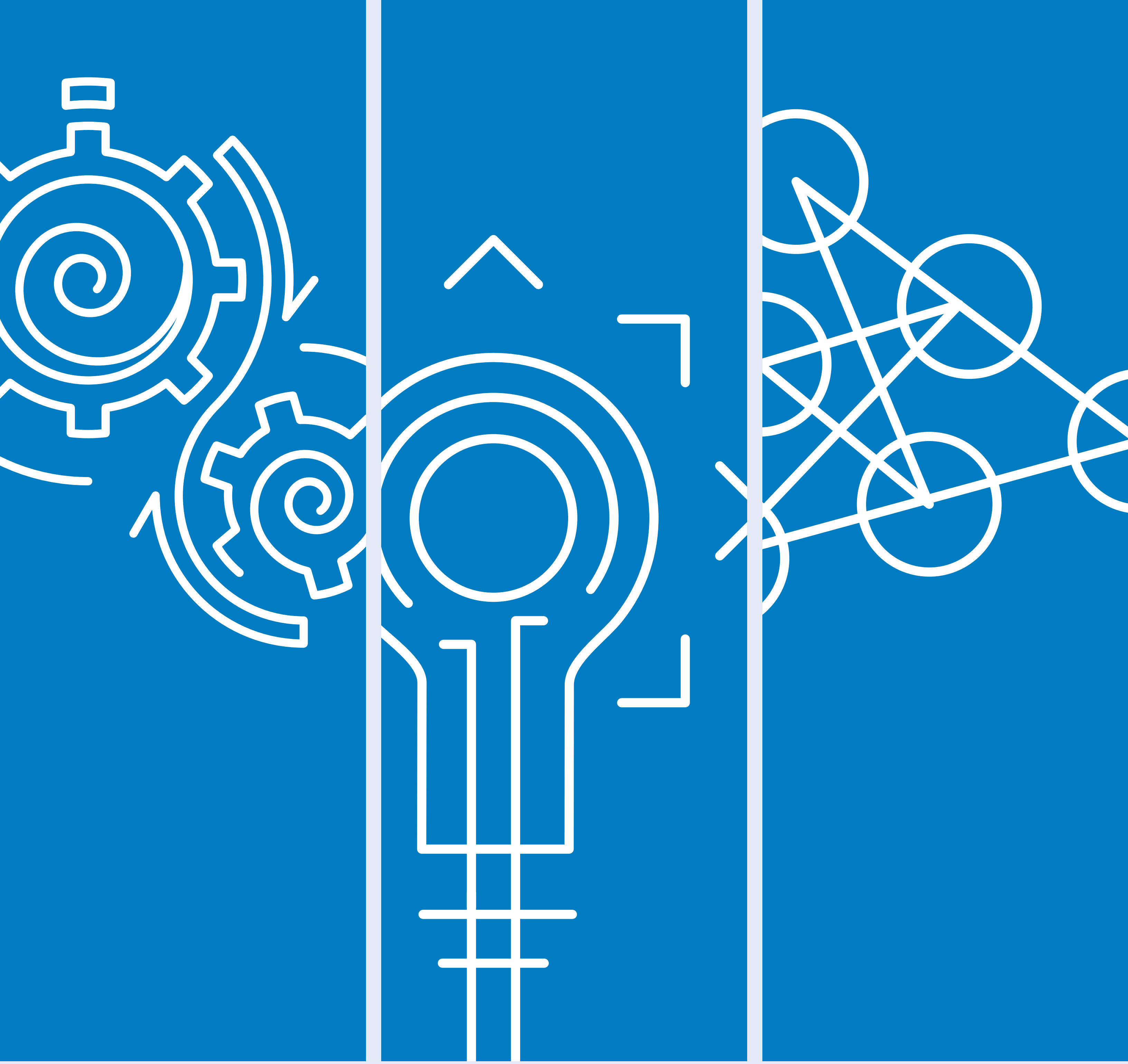
Mohit Joshi
Board Member

Eric Stephen Paternoster
Board Member

Our audit report was submitted in 2017.

KPMG

Stefan Älgne
Authorized auditor



Portland Group Pty. Limited

Independent Audit Report

To the Members of Portland Group Pty. Limited

We have audited the accompanying financial report, being a special purpose financial report, of Portland Group Pty. Limited (the Company), which comprises the Statement of Financial Position as at 31 March 2017, 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 of the Company at the year end or from time-to-time during the financial year.

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 3 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.

Auditors' 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 auditors' 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 3 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.

Auditors' Opinion

In our opinion the financial report of Portland Group Pty. Limited 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 2017, and of its performance for the year ended on that date in accordance with the accounting policies described in Notes 1 to 3; 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. Limited 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 22, 2017

Statement of Financial Position

in AU $

Particulars	Note	As at March 31,	
		2017	2016
Assets			
Cash and cash equivalents	10a	19,800,726	19,243,067
Trade and other receivables	8	4,100,631	6,147,001
Other current assets	10c	500,000	–
Income tax assets		853,672	–
Prepayments	9	195,649	64,824
Total current assets		25,450,678	25,454,892
Deferred tax assets	14a	707,148	1,129,470
Property, plant, and equipment	11	253,088	137,029
Other non-current assets	10d	–	500,000
Total non-current assets		960,236	1,766,499
Total assets		26,410,914	27,221,391
Liabilities			
Trade and other payables	12	109,205	80,889
Other current liabilities	13	1,625,827	1,123,250
Current tax liabilities		–	738,607
Provisions	15	53,126	166,396
Employee benefit obligations	16	3,071,465	4,466,312
Total current liabilities		4,859,623	6,575,454
Employee benefit obligations	16	180,248	443,221
Total non-current liabilities		180,248	443,221
Total liabilities		5,039,871	7,018,675
Net assets		21,371,043	20,202,716
Equity			
Share capital	17a	3,389,049	3,389,049
Retained earnings		17,981,994	16,813,667
Total equity		21,371,043	20,202,716

The accompanying notes are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

in AU $

Particulars	Note	For the year ended 31 March,	
		2017	2016
Revenue		22,677,187	30,617,566
Cost of sales		(19,042,939)	(24,389,932)
Gross profit		3,634,248	6,227,634
Selling and distribution expenses		(219,704)	(166,656)
Administrative expenses		(1,965,729)	(1,911,391)
Operating profit		1,448,815	4,149,587
Finance income	5	268,587	330,373
Finance costs		–	–
Net finance income		268,587	330,373
Profit before tax		1,717,402	4,479,960
Income tax expense	14b	(549,075)	(1,511,232)
Profit		1,168,327	2,968,728
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		1,168,327	2,968,728

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

in AU $

Particulars	Share capital	Retained earnings	Total equity
Balance as at 1 April 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 31 March 2016	3,389,049	16,813,667	20,202,716
Balance at 1 April 2016	3,389,049	16,813,667	20,202,716
Total other comprehensive income	–	–	–
Profit for the year	–	1,168,327	1,168,327
Total comprehensive income	–	1,168,327	1,168,327
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at 31 March 2017	3,389,049	17,981,994	21,371,043

The amounts recognized directly in equity are disclosed net of tax.

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

in AU $

Particulars	Note	For the year ended 31 March	
		2017	2016
Cash flows from operating activities			
Cash receipts from customers		26,991,276	36,827,750
Cash paid to suppliers and employees		(24,725,845)	(28,656,759)
Cash generated from operations		2,265,431	8,170,991
Interest received		252,055	295,981
Income tax paid, net		(1,719,032)	(3,365,318)
Net cash from operating activities	10b	798,454	5,101,654
Cash flow from investing activities			
Investment in security deposit		–	(500,000)
Purchase of plant and equipment	11	(240,795)	(99,839)
Net cash used in investing activities		(240,795)	(599,839)
Cash flow from financing activities			
Proceeds from issue of share capital		–	–
Dividends paid		–	–
Net cash used in financing activities		–	–
Net increase / (decrease) in cash and cash equivalents		557,659	4,501,815
Cash and cash equivalents at 1 April		19,243,067	14,741,252
Cash and cash equivalents as at 31 March	10a	19,800,726	19,243,067

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Portland Group Pty. Limited (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 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosure

The financial statements were approved by the Board of Directors on May 22, 2017.

(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 judgments and estimates

In preparing these financial statements, the Management has made judgments, 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 recognized in the period in which the estimate is revised and in any future periods affected.

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 2017 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 recognizes 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 or client. If not invoiced, an accrual (work-in-progress) is calculated and recognized with reference to the stage of completion of the project based on hours and 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, which 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 recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Employee benefits

Short-term employee benefits

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

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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 Australian corporate bonds that have maturity dates approximate the term of the Company's obligations. Remeasurements are recognized in profit or loss in the period in which they arise.

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 recognizes 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 recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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.

Deferred tax

Deferred tax is recognized 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 recognized 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 recognized 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 utilized. 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 realized.

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 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.

(e) Property, plant, and equipment

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 capitalized 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 recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

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 recognized in profit or loss. The estimated useful lives of property, plant, and equipment are as follows:

	2017	2016
Plant and machinery	5 years	5 years
Computer equipment	3-5 years	3-5 years
Furniture and fixtures	5 years	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, and loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date.

The Company derecognizes 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 recognized as a separate asset or liability.

The Company derecognizes 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 realize the asset and settle the liability simultaneously.

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 recognized 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 recognized in profit or loss.

Held-to-maturity financial assets

These are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized 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.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Share capital

Ordinary shares

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

(g) Impairment

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 trade receivables;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that trade receivables or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; and
- the disappearance of an active market for a security.

Financial assets measured at amortized 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 recognized 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 recognized, then the previously recognized impairment loss is reversed through profit or loss.

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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 amortization, if no impairment loss had been recognized.

(h) Provisions

A provision is recognized 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 recognized as a finance cost.

Post sales client support

A provision for post sales client support is recognized when the underlying services are sold, based on historical post sales client support data and a weighing 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 recognized 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 recognized 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 flow 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

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 recognized 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 recognized using the Company's incremental borrowing rate.

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 recognized in the Company's Statement of Financial Position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized 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 2016, and have not been applied in preparing these financial statements. None of these are 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 could change the measurement and recognition of revenue, and AASB 16 Leases, which requires all leases to be brought onto the Statement of Financial Position.

AASB 9 and AASB 15 are effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. AASB 16 is effective for annual reporting periods beginning on or after 1 January

2019, with early adoption permitted if AASB 15 is adopted at the same time. The Company does not plan to adopt these standards early and the impact has not been determined.

5. Finance income

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Interest income from deposits with banks	268,587	330,373
	268,587	330,373

6. Auditors' remuneration

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	20,000	15,000
Audit of financial statements – B S R & Co. LLP	23,296	21,577
	43,296	36,577

7. Expenses by nature

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Depreciation	124,643	132,643
Employee benefits	15,594,309	19,339,047

8. Trade and other receivables

in AU $

Particulars	2017	2016
Current		
Trade receivables	3,311,466	4,814,966
Unbilled revenue	254,411	511,825
	3,565,877	5,326,791
Amounts due from related party	534,754	820,210
	4,100,631	6,147,001

9 Prepayments

in AU $

Particulars	2017	2016
Prepaid expenses	60,197	30,087
Loans and advances to employees	1,597	124
Advances paid for suppliers	82,931	221
Interest accrued but not received	50,924	34,392
	195,649	64,824

10 Cash and cash equivalents

a. Cash-at-bank

in AU $

	2017	2016
Cash-at-bank	19,800,726	19,243,067
	19,800,726	19,243,067

b. Cash flows from operating activities

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Reconciliation of Cash Flow From Operations with Profit after Income Tax	1,168,327	2,968,728
Adjustments for		
Depreciation	124,643	132,643
– Loss on sale of fixed assets	93	–
	1,293,063	3,101,371
Changes in		
– Trade and other receivables	2,046,370	3,148,427
– Prepayments	(130,825)	(33,649)
– Trade and other payables	28,316	(21,074)
– Other liabilities	502,577	22,566
– Current tax liabilities	(738,607)	(1,347,125)
– Deferred tax assets	422,322	(506,961)
– Provisions	(113,270)	(226,143)
– Employee benefits obligation	(1,657,820)	964,242
– Income tax assets	(853,672)	–
Net cash from operating activities	798,454	5,101,654

c. other current assets

in AU $

Particulars	2017	2016
Cash on deposit as security	500,000	–
	500,000	–

d. Other non-current assets

in AU $

Particulars	2017	2016
Cash on deposit as security	–	500,000
	–	500,000

11 Property, plant, and equipment

in AU $

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance as at 1 April 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 as at 31 March 2016	64,448	325,455	403,112	793,015
Balance as at 1 April 2016	64,448	325,455	403,112	793,015
Additions	15,045	31,810	193,940	240,795
Disposals	(4,791)	(39,431)	(86,673)	(130,895)
Balance as at 31 March 2017	74,702	317,834	510,379	902,915
Accumulated depreciation				
Balance as at 1 April 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 as at 31 March 2016	45,830	292,541	317,615	655,986
Balance as at 1 April 2016	45,830	292,541	317,615	655,986
Depreciation	10,944	25,042	88,657	124,643
Disposals	(4,697)	(39,431)	(86,674)	(130,802)
Balance as at 31 March 2017	52,077	278,152	319,598	649,827
Carrying amounts as at				
1 April 2015	11,360	78,783	79,690	169,833
31 March 2016	18,618	32,914	85,497	137,029
1 April 2016	18,618	32,914	85,497	137,029
31 March 2017	22,625	39,682	190,781	253,088

12 Trade and other payables

in AU $

Particulars	2017	2016
Trade payables	51,472	4,292
Amounts due to related party	57,733	76,597
	109,205	80,889

13 Other current liabilities

in AU $

Particulars	2017	2016
Accrued expenses	1,356,591	896,828
Advance received from customers	–	–
Deferred revenue	62,957	48,123
Withholding taxes payable	206,279	178,299
	1,625,827	1,123,250

14 Tax assets and liabilities

(a) Deferred tax assets

in AU $

Particulars	2017	2016
Deferred tax assets	707,148	1,129,470
Deferred tax liabilities	–	–
Net tax assets / (liabilities)	707,148	1,129,470

(b) Reconciliation of effective tax rate

in AU $

Particular	For year ended 31 March,	
	2017	2016
Profit before tax	1,717,402	4,479,960
Tax using the Company's domestic tax rate of 30% (2016: 30%)	515,221	1,343,988
Non-deductible expenses	33,854	50,000
Change in recognized temporary differences	–	(2,17,244)
Change in recognized temporary differences	549,075	1,511,232

15. Provisions

in AU $

Particulars	2017	2016
Provision for post service client support	53,126	166,396
	53,126	166,396

16 Employee benefit obligations

in AU $

Particulars	2017	2016
Current		
Provision for employee bonuses	1,801,267	3,181,717
Annual leave	474,731	720,343
Long service leave	795,467	564,252
	3,071,465	4,466,312
Non-current		
Long service leave	180,248	443,221
	180,248	443,221

17 Capital and reserves

(a) Share capital

in AU $

Particulars	2017	2016
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 authorized 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 AU $

Particular	For 31 March,	
	2017	2016
Dividend paid	–	–

Dividend franking account

in AU $

Particulars	2017	2016
30 per cent franking credits available to shareholders of Portland Group Pty. Limited for subsequent financial years	7,207,217	7,080,464
	7,207,217	7,080,464

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

- franking credits / debits that will arise from the payments / receipts of the current tax liabilities / assets;
- franking debits that will arise from the payment of dividends recognized as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognized as receivables by the Company at the year-end; and
- 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.

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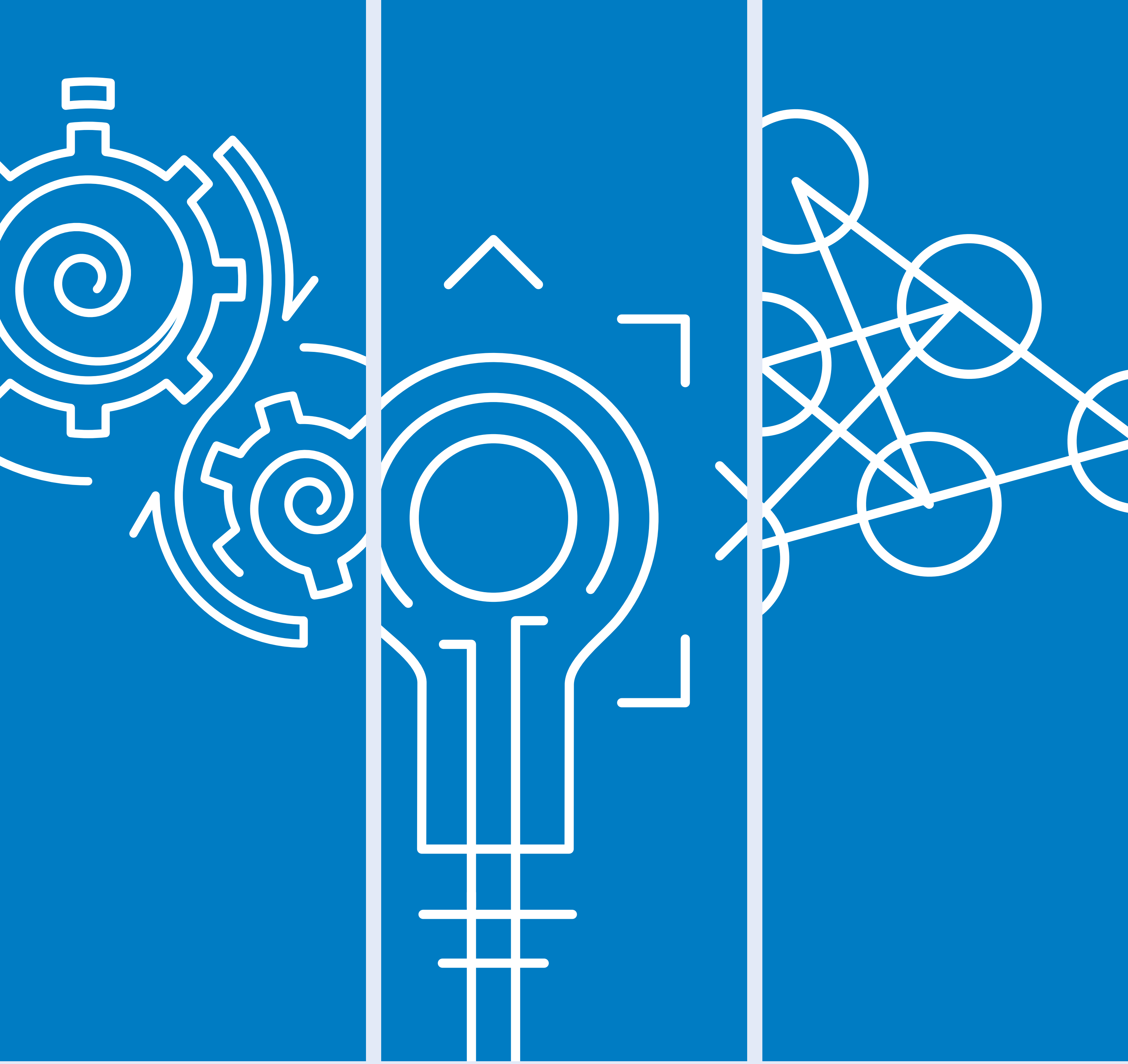

Infosys Consulting Sp. Z o.o.

(formerly Lodestone Management Consultants sp. z o.o.)

Independent Auditors' Opinion

To the Shareholders' Meeting of Infosys Consulting Sp. Z o.o.

We have audited the attached financial statements of Infosys Consulting Sp. Z o.o. (hereinafter referred to as 'the Company') with its registered office in Wroclaw, Strzegomska Street 142A, including :

- Introduction to the financial statements
- Balance Sheet prepared as of December 31, 2016, with total assets and liabilities plus equity of PLN 21.641.088,08.
- Profit and Loss Account for the period from January 1, 2016 to December 31, 2016, disclosing a net loss of PLN 43.054,95.
- Statement of Changes in Equity for the period from January 1, 2016 to December 31, 2016, disclosing a decrease in equity of PLN 843.054,95.
- Cash Flow Statement for the period from January 1, 2016 to December 31, 2016, showing a net cash increase of PLN 9.577.081,88.
- Additional information and explanations.

(hereinafter referred to as 'the financial statements').

The Management Board of the Company is responsible for the proper maintenance of accounting records as well as the preparation of true and fair presentation of these financial statements and the report on activities of the Company in accordance with the Accounting Act of September 29, 1994 (Dz. U. of 2016 No. 1047, further referred to as 'the Accounting Act'), its executor provisions and other laws in force. The Management Board is also responsible for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

In accordance with the Accounting Act, the Management Board are obliged to ensure the financial statements and the report on activities meet the requirements of the Accounting Act.

Our responsibility was to express an opinion whether the financial statements present fairly and clearly the financial and economic position as well as the financial result of the Company, in compliance with the regulations of the Accounting Act in force and the accounting principles (policy) adopted by the Company.

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.

These regulations require us to follow the ethics principles and to plan and perform our audit in such a way as to obtain reasonable assurance that the financial statements and the supporting accounting records are free from material misstatement.

The audit involves execution of procedures whose objective is to obtain evidence relating to amounts and information disclosed in the financial statements. The selection of audit procedures depends on our professional judgement and includes the assessment of risk of material misstatement occurring in the financial statements. While assessing this risk we take into account the internal controls related to preparation and fair presentation of the financial statements in order to plan appropriate audit procedures, and not to express an opinion on the effectiveness of internal control system in the Company. The audit also includes verification if the accounting principles applied by the Company are appropriate, verification of estimates made by the Management Board as well as overall evaluation of the overall presentation of the financial statements.

We believe that our audit evidence provides a sufficient and appropriate basis for our opinion.

Our audit opinion does not encompass the report on activities. Our responsibility, however, in relation to the audit of the financial statements, was reading the report on activities, and indicating if the information therein complies with requirements of Article 49 of the Accounting Act, and if it is consistent with the underlying information disclosed in the audited financial statements Our responsibility was also expressing the statement, if in light of our knowledge of the Company and its environment acquired during the audit, we have found material misstatements in the report on activities.

In our opinion, the audited financial statements :

- presents true and fair view of the economic and financial position of the Company as of December 31, 2016 as well as its financial result in the financial year from January 1, 2016 to December 31, 2016, in accordance with applicable regulations of the Accounting Act and the accounting principles (policy) adopted by the Company,
- have been prepared based on properly kept accounting records, and
- comply in its form and contents with the provisions of law and the articles of association of the Company.

In compliance with the requirements of the Accounting Act, we acknowledge that the information included in the report of activities for the financial year ended December 31, 2016 complies with requirements of Article 49 of the Accounting Act, and is consistent with the underlying information disclosed in the audited financial statements. Additionally, in light of our knowledge of the Company and its environment acquired during the audit, we confirm that we have not found material misstatements in the report on activities.

Piotr Łyskawa

Key certified auditor

No. 90051

Bielany Wrocławskie

February 8, 2017

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.

Financial statement of Infosys Consulting Sp. Z o.o. Board for the period January 1, 2016 to December 31, 2016

1 General Information

Infosys Consulting Sp. Z o.o. with its registered office in Wrocław, ul. Strzegomska 142 A, acting under name Lodestone Management Consultants Sp. z o.o. till January 13, 2016.

The Company's activity involves IT services.

National Court Register Number (KRS) (Polish Company Register) : 0000285441

Tax Identification Number (NIP) : 894-29-11-697

Share Capital : PLN 1.000.000.

The Board of Directors :

Robert Boreczek – Chairman of the Board

Peter Fischer – Vice Chairman of the Board

There were no personal changes in the Board in 2016. The Company did not obtain its own shares. The Company does not own Subsidiaries. In 2016, the Company formed a team in Krakow dedicated to provide services to insurance industry customers.

2 Events affecting the Company's activity which occurred during and after the financial year

In 2016, the Company continued the activity of providing services to other Infosys Consulting groups as a SAP Service Center (so-called SAP Nearshore Delivery Center).

The services were provided under contract with Infosys Consulting group, in particular, with Infosys Consulting AG in Switzerland, Infosys Consulting Co Ltd. in United Kingdom and Infosys Consulting GmbH in Germany.

These companies are usually a general work contractors for Infosys Consulting key customers. Moreover, the Company provided services directly to Polish customers.

The Company entered into a direct long-term contract of providing support services to a foreign customer serving in insurance industry. For the need of contract performance, in 2016 the Company established a dedicated team of different IT areas experts. The team is seated in Krakow, at the client's location.

In 2016, due to a favourable project situation as well as achievement of high resources utilization, the Company recorded an increase in revenue and profitability (26% in comparison to 2015).

The staff headcount at the beginning of 2016 was 112 employees and increased to 171 employees as of December 31, 2016.

3 Anticipated development of the Company

Infosys Group is characterized by a very high growth rate and need of SAP experts. The Company in Poland has a good chance to use these opportunities. The European SAP Nearshore Delivery Centre is located in Poland, which enables the Company to support large Infosys' and Infosys Consulting corporate clients.

The Board perceives a promising, long-term market prospects in Europe. A numerous delivery centres are being created in Eastern Europe region for the developed, Western Europe markets.

According to the Board, further Company development is expected in the coming years. An estimated employment at the end of 2017 is more than 250 employees. It is planned to extend the services to IT services related to other technologies too (currently most of the services are SAP related). In order to perform services other than SAP, the Company plans to open an office in Krakow in which it is planned to hire additional 40 employees in 2017. Moreover, the Company plans to continue staffing the offices in Wroclaw and Warsaw.

Long-term insurance industry client contract, which was started in 2016, was characterized by increased expenditures in the transition phase (service performance in several countries, projects realizations in Client's locations, expensive foreign consultants, change the Management, expensive abroad business travels, multiple language service). The Company expects the profitability improvement connected with end of transaition phase and the step into steady stage.

In the following years, the Company intends to increase the scale of its activities through an active participation in a global Infosys, Infosys Consulting projects and continue to develop as a Nearshore Service Center acting on behalf of the Infosys group as well as clients directly. The development will continue to be funded from own Infosys Group resources.

4 Current and anticipated financial situation

Sales net revenues increased to PLN 59 682 556,05 (PLN 47 540 127,54 in 2015). In the majority, it was a consulting and programming services sale related to project implementation and support.

An item structure of sales revenue in the financial year 2016 and a comparison with the year 2015, together with a comparison of the territorial structure of distribution revenue in the financial year 2016 and the previous one

in PLN

Sales revenue	Current year	Previous year
An item structure of distribution		
Finished products	–	–
IT services sales	59,682,556.05	47,540,127.54
Goods sales	–	–
Total	59,682,556.05	47,540,127.54
A territorial structure of distribution		
Domestic sales	2,229,218.86	2,688,550.55
Export sales	57,453,337.19	44,851,576.99
Total	59,682,556.05	47,540,127.54

The Company achieved significant revenue growth of 26% with relation to 2015.

The Company's financial results, in the analyzed period, ended with a gross profit of PLN 510 307,36 in comparision to a gross profit of PLN 3 050 377,95 in previous year.

The total Balance Sheet was PLN 21 641 088,08 (in comparision to PLN 12 209 876,37 in 2015).

in PLN

Content / Period	December 31,						
	2016	2015	2014	2013	2012	2011	2010
Profit and Loss Account (PLN)							
Sales revenue	59,682,556	47,540,128	39,598,707	31,106,593	30,052,922	29,009,231	22,219,569
Operating costs	58,620,966	44,479,175	35,775,719	32,189,590	30,012,048	30,018,223	21,231,847
Economic activity result	510,307	3,050,378	3,745,820	(1,142,461)	163,741	(1,357,046)	816,468
Profit / Loss , net	(43,055)	2,173,202	3,074,602	(1,028,837)	89,904	(743,210)	565,648
Balance (PLN)							
Stocks	–	–	–	–	–	–	–
Supply receivables	6,595,291	7,492,408	5,574,218	4,211,911	2,308,966	6,214,359	5,073,564
Current assets	19,018,862	11,282,734	6,731,994	6,938,962	4,836,455	9,365,030	7,167,683
Total assets	21,641,088	12,209,876	7,929,070	7,761,465	5,598,774	10,248,762	7,297,515
Equity	3,714,830	4,557,885	2,384,683	(689,919)	338,918	(1,450,986)	(707,776)
Short-term liabilities	17,841,980	7,651,991	5,544,387	8,451,384	5,259,855	9,874,064	8,005,291
Supply liabilities	793,258	1,481,825	859,714	4,833,797	1,431,420	5,223,532	3,176,762
Total liabilities	17,926,258	7,651,991	5,544,387	8,451,384	5,259,855	11,699,747	8,005,291
Number of days of the financial period	365	365	365	365	365	365	365
Indicators							
Gross sales profitability	1%	6%	9%	-4%	1%	-5%	
Net sales profitability	0%	5%	8%	-3%	0%	-3%	
Equity profitability	-1%	91%	-446%	-304%	36%	105%	
Assets rotation indicator	2.76	3.89	4.99	4.01	5.37	2.83	
Receivables rotation in days	43	50	45	38	52	71	
Liabilities rotation in days	7	10	29	36	40	51	
Debt rate	83%	63%	70%	109%	94%	114%	
Equity to fixed assets rate	17%	37%	30%	-9%	6%	-14%	
Net working capital	1,176,881.77	3,630,742.73	1,187,607.38	(1,512,421.45)	(423,400.48)	(509,034.19)	
Liquidity ration	1.07	1.47	1.21	0.82	0.92	0.95	
Increased liquidity ratio	1.07	1.47	1.21	0.82	0.92	0.95	

The analysis of the above figures as well as indicators show an overall improvement of the financial situation in terms of profitability and liquidity (taking the operating model of the Company and its growth in 2016 into consideration) and does not show significant threats.

5 Financial and risk instruments

All significant transactions are concluded within the Infosys Infosys Group. The transaction settlement are made in PLN, which minimize the exchange rate risk. The Company determines their service prices based on the pricing transfer system in the Infosys group, which reduces the price changes risk and a cash flow disorders. A cost plus mark-up on total cost is made monthly (based on transfer rates) being a revenue catch-up.

The three-year contract with the insurance industry Client was concluded in USD. In 2016, the contract realization costs were mostly in PLN, GBP and EUR. In next years, contract realization costs will be mostly in PLN.

Due to the above objectives and a financial risk management methods are limited to compliance with pricing transfer policies as well as a financial flows of the Group. The Company does not apply hedge accounting.

The Board points out that Infosys Group constatnly supports and finance, in a significant range, the further Company development, as an internal service provider, also reducing the cash flow risk disruptions, the liquidity loss, exchange rates and price changes.

Wroclaw

February 8, 2017

Robert BoreczekPeter Fischer

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Chairman of the Board Vice Chairman

Introduction to the financial statements for the period from January 1, 2016 to December 31, 2016

1. Principal activities of the Company

Infosys Consulting Sp. Z o.o. (from January 14, 2016 the Company operated under the name Lodestone Management Consultants Sp. z o.o.) with a registered seat in Wrocław at Strzegomska 142A, is registered in State Court Register for the City of Wrocław- under the number 0000285441. Its main operations comprise software implementation.

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. The Management believes there is no significant threat to the continuation of the Company's operations in the same of similar scope in the period of 12 months from the date of this report.

Financial statements are presented for the 12-month period from January 1 to December 31, 2016. 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 September 29, 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 the 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 December 31, 2016 as well as in the period ended December 31, 2015.

(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 and cash equivalents paid to suppliers for future deliveries of fixed assets and those under construction.

Fixed assets are stated in net book value, which is the initial cost less accumulated depreciation or amortization 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 recognized as part of other operating expenses.

Depreciation and amortization is recognized 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 the 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

1. 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 recognized, taking account of the prudence principle.

2. Accruals

Accruals are recognized 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 recognized 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 recognized, taking account of the prudence principle.

3. Deferred income

Deferred income is recognized 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 recognized as deferred income are to be gradually recognized as other operating income, in line with the depreciation or amortization 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 recognized as deferred income are to be gradually recognized as other operating income, in line with the depreciation or amortization of property, plant and equipment or intangible assets;

(f) Services provided on the basis of contracts whose term exceeds 6 months

If a service 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 duration of the contract proportional method. Invoiced services whose value exceeds income determined using the proportional method are recognized at the end of the year on deferred income.

Irrespective of the revenue-recognition method applied, the expected loss on providing services is recognized as an expense.

Cost of services in progress comprise costs incurred as from the relevant contract date to the given Balance Sheet date. Contract costs incurred prior to the contract date are recognized as assets if they are likely to be covered by contract revenue from the engager in the future.

(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 the 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, these contributions are 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 for 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 (PLN) 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 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.

Realized 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 recognized at the time goods are delivered or services are provided. Sales are recognized 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 recognizes 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 recognized 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 recognized 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 unrealized exchange gains and losses.

In the circumstances when temporary differences arise and reversed 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 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 December 31, 2016, 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 December 31, 2016, there were no changes in methods of preparation of financial statements.

Financial Statements for the period from January 1, 2016 to December 31, 2016

Baker Tilly Poland Sp. z o.o. ul. Hrubieszowska 2, 01-209 Warszawa

Accountants' report

To the directors of Infosys Consulting Sp. Z o.o.

We have prepared the financial statements from the accounting records, and information and explanations supplied to us. We have not carried out an audit.

The financial statements comprise :

- Introduction
- Balance Sheet, Showing Total Assets And
- Total Liabilities Amounting To Zł 2,16,41,088.08
- Profit And Loss Account, Showing Net Loss Amounting To Zł 43,054.95 Zł
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the financial statements

For and on behalf of

Baker Tilly Poland Sp. z o.o.

February 8, 2017

Approved for and on behalf of

Infosys Consulting Sp. Z o.o.

Robert Boreczek
President of the Board

February 8, 2017

Peter Urs Fischer
Vice President of the Board

February 8, 2017

Balance Sheet as at December 31, 2016

in PLN

Particulars	Note	Current year	Previous year
ASSETS			
Fixed Assets		2,622,226.02	927,142.24
Intangible assets		–	–
Development costs		–	–
Goodwill		–	–
Other intangible assets		–	–
Prepayments for intangible assets		–	–
Fixed tangible assets	1	347,796.59	377,331.50
Fixed assets		347,796.59	377,331.50
Freehold land (including perpetual usufruct of land)		–	–
Buildings and structures		–	–
Plant and machinery		337,137.46	363,135.47
Vehicles		–	–
Other tangible fixed assets		10,659.13	14,196.03
Fixed assets under construction		–	–
Prepayments for fixed assets under construction		–	–
Long-term receivables		–	–
Related entities		–	–
Other entities		–	–
Long-term investments		–	–
Long-term prepayments	2	2,274,429.43	549,810.74
Deferred income tax assets		2,274,429.43	549,810.74
Other prepayments		–	–
Current assets		19,018,862.06	11,282,734.13
Inventories		–	–
Raw materials		–	–
Semi-finished products and work in progress		–	–
Finished products		–	–
Goods for resale		–	–
Prepayments for inventories		–	–
Receivables and claims	3	7,236,512.99	8,810,599.06
Related entities	16	2,765,389.35	7,028,633.40
trade debtors payable within a period of		2,765,389.35	7,028,633.40
- up to 12 months		2,765,389.35	7,028,633.40
- over 12 months		–	–
other		–	–
Other entities		4,471,123.64	1,781,965.66
trade debtors payable within a period of		3,829,901.53	463,774.85
- up to 12 months		3,829,901.53	463,774.85
- over 12 months		–	–
taxation, state subsidy and social security receivables		133,983.69	677,644.67
other debts		507,238.42	640,546.14
receivables in court		–	–
Short-term investments		11,512,405.95	1,935,324.07
Short-term financial assets		11,512,405.95	1,935,324.07
in related entities		–	–
in other entities		–	–
cash and other monetary assets		11,512,405.95	1,935,324.07
- cash in hand and at bank		11,512,405.95	1,935,324.07
- other cash equivalents		–	–
- other monetary assets		–	–
Other short-term investments		–	–
Short-term prepayments	4	269,943.12	536,811.00
Share capital not paid up		–	–
Entity's own shares		–	–
Total assets		21,641,088.08	12,209,876.37

Balance Sheet as at December 31, 2016

in PLN

Particulars	Note	Current year	Previous year
LIABILITIES and EQUITY			
Equity		3,714,830.02	4,557,884.97
Share capital (fund)	5	1,000,000.00	1,000,000.00
Additional shareholders’ contributions		–	800,000.00
Additional shareholders’ contributions not paid up		–	–
Supplementary capital (fund)	6	2,173,201.69	–
Revaluation reserve		–	–
Other reserves (funds)		–	–
Retained earnings (losses) brought forward		584,683.28	584,683.28
Net profit (loss) for the year	7	(43,054.95)	2,173,201.69
Write-offs from net profit for the financial year (negative amount)		–	–
Liabilities and provisions		17,926,258.06	7,651,991.40
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		3,697,282.63	1,587,258.10
Related entities	8	789,248.25	501,758.65
Trade creditors with maturity period of		789,248.25	501,758.65
Up to 12 months		789,248.25	501,758.65
Over 12 months		–	–
Other		–	–
Other entities		2,764,287.36	1,064,063.91
Loans		–	–
Debentures		–	–
Other financial liabilities		–	–
Trade creditors with maturity period of	8	4,009.80	980,066.70
Up to 12 months		4,009.80	980,066.70
Over 12 months		–	–
Payments received on account		–	–
Bills of exchange payable		–	–
Taxation, customs duty and social security liabilities		2,433,003.00	–
Wages and salaries payable		–	–
Other short-term payables		327,274.56	83,997.21
Special funds		143,747.02	21,435.54
Accruals and deferred income	9	14,228,975.43	6,064,733.30
Negative goodwill		–	–
Other accruals and deferred income		14,228,975.43	6,064,733.30
Long-term accruals and deferred income		84,277.77	–
Short-term accruals and deferred income		14,144,697.66	6,064,733.30
Total liabilities and equity		21,641,088.08	12,209,876.37

Profit and Loss Account for the period from January 1, 2016 to December 31, 2016

in PLN

Particulars	Note	Current year	Previous year
Sales	10	59,682,556.05	47,540,127.54
From related parties		40,704,436.91	44,851,576.99
Sales of finished goods		59,682,556.05	47,540,127.54
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		–	–
Operating expenses		58,620,966.33	44,479,175.42
Depreciation and amortization		250,282.03	191,081.37
Consumption of materials and energy		566,491.94	1,339,892.85
External services		20,987,368.94	13,714,553.36
Taxes and charges, including		303,459.56	156,438.29
Excise duty		–	–
Wages and salaries		25,203,626.91	19,607,062.52
Employee benefits		4,365,643.09	3,059,156.25
Retirement		1,653,740.02	1,122,928.68
Other expenses		6,944,093.86	6,410,990.78
Cost of raw materials and goods for resale sold		–	–
Gross profit after selling, general and administrative expenses		1,061,589.72	3,060,952.12
Other operating income		5,615.57	46,862.29
Profit from non-financial fixed assets sold		105.76	3,047.34
Subsidies received		–	–
Other operating income		5,509.81	43,814.95
Other operating expenses		7,761.89	6,087.42
Loss on non-financial fixed assets sold		–	–
Revaluation of non-financial assets		–	–
Other operating expenses		7,761.89	6,087.42
Operating profit		1,059,443.40	3,101,726.99
Financial income		0.30	–
Dividends received, including those		–	–
From related entities		–	–
Interest received, including interest		0.30	–
From related entities		–	–
Profit from investments sold		–	–
Revaluation of investments		–	–
Other		–	–
Financial expenses		549,136.34	51,349.04
Interest, including interest payable		305.52	628.57
To related entities		–	–
Loss from investments sold		–	–
Revaluation of investments		–	–
Other		548,830.82	50,720.47
Profit before tax		510,307.36	3,050,377.95
Income tax	11	553,362.31	877,176.26
Other mandatory charges		–	–
Net (loss) / profit		(43,054.95)	2,173,201.69

Statement of Changes in Equity for the period from January 1, 2016 to December 31, 2016

in PLN

	Note	Current year	Previous year
Equity at the beginning of period		4,557,884.97	2,384,683.28
Fundamental errors adjustments		–	–
Equity at the beginning of period after adjustments		4,557,884.97	2,384,683.28
Share capital at the beginning of period		1,000,000.00	1,000,000.00
Changes in share capital		–	–
Increase (due to)		–	–
Share issue		–	–
Decrease (due to)		–	–
Redemption of shares			
Share capital at the end of period		1,000,000.00	1,000,000.00
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		800,000.00	800,000.00
Increase		–	–
Decrease (due to)		(800,000.00)	–
Additional shareholders' contributions at the end of period		–	800,000.00
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		2,173,201.69	–
Increase (due to)		2,173,201.69	–
Decrease (due to)		–	–
Other reserves at the end of period		2,173,201.69	–
Profit (loss) brought forward at the beginning of period		584,683.28	(2,489,918.77)
Profit brought forward at the beginning of period		584,683.28	–
Changes in accounting policies		–	–
Revaluation of assets and liabilities denominated in foreign currencies		–	–
Deferred taxation		–	–

	Note	Current year	Previous year
Other adjustments		–	–
Profit brought forward at the beginning of period, after adjustments		584,683.28	–
Increase (due to)		–	584,683.28
Distribution of profit brought forward		–	584,683.28
Decrease (due to)		–	–
Coverage of loss		–	–
Profit brought forward at the end of period		584,683.28	584,683.28
Loss brought forward at the beginning of period		–	(2,489,918.77)
Changes in accounting policies		–	–
Revaluation of assets and liabilities denominated in foreign currencies		–	–
Deferred taxation		–	–
Other adjustments		–	–
Loss brought forward at the beginning of period, after adjustments		–	(2,489,918.77)
Increase (due to)		–	–
Loss coverage		–	–
Decrease (due to)		–	2,489,918.77
Distribution of profit brought forward		–	–
Loss brought forward at the end of period		–	–
Profit (loss) brought forward at the end of period		584,683.28	584,683.28
Net profit (loss) for the year		(43,054.95)	2,173,201.69
Net profit for the year		–	2,173,201.69
Net loss for the year		(43,054.95)	–
Write-offs from net profit for the year		–	–
Equity at the end of period		3,714,830.02	4,557,884.97

Cash Flow Statement for the period from January 1, 2016 to December 31, 2016

in PLN

	Current year	Previous year
Operating cash flows		
Net (loss) / profit for the year	(43,054.95)	2,173,201.69
Total adjustments	10,640,778.19	(203,229.16)
Depreciation	250,282.03	191,081.37
Foreign exchange gains (losses)	–	–
Interest and shares in profits (dividends)	–	–
Investment profit (loss)	(105.76)	(3,047.34)
Change in provisions' balance	–	–
Change in stocks' balance	–	–
Change in liabilities' balance	1,574,086.07	(2,511,061.58)
Change in short-term liabilities balance, with the exception of loans	2,110,024.53	(673,318.17)
Change in prepayments and accruals balance	6,706,491.32	2,793,116.56
Other adjustments	–	–
Net operating cash flows	10,597,723.24	1,969,972.53
Investment cash flows		
Cash inflows	15,850.35	69,417.23
Disposals of intangible and tangible fixed assets	15,850.35	69,417.23
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	–	–

	Current year	Previous year
Cash outflows	(236,491.71)	(270,082.55)
Purchases of intangible and tangible fixed assets	(236,491.71)	(270,082.55)
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	(220,641.36)	(200,665.32)
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	(800,000.00)	–
Acquisition of entity's own shares	–	–
Dividends and other payments to shareholders / owners	(800,000.00)	–
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	(800,000.00)	–
Total net cash flows	9,577,081.88	1,769,307.21
Balance Sheet change in cash balance, including	9,577,081.88	1,769,307.21
Change in cash balance due to foreign exchange differences	–	–
Cash as at the beginning of period	1,935,324.07	166,016.86
Cash as at the end of period, including	11,512,405.95	1,935,324.07
Cash with limited disposability	–	–

Notes to the financial statements for the period from January 1, 2016 to December 31, 2016

1 Tangible fixed assets

in PLN

Particulars	Current year	Previous year
Analysis of tangible fixed assets		
Fixed tangible assets including	347,796.59	377,331.50
Freehold land (including perpetual usufruct of land)	–	–
Buildings and structures	–	–
Plant and machinery	337,137.46	363,135.47
Vehicles	–	–
Other tangible fixed assets	10,659.13	14,196.03
Fixed assets under construction	–	–
Prepayments for fixed assets under construction	–	–
Total tangible fixed assets	347,796.59	377,331.50
Tangible fixed assets by title		
The Company's own tangible fixed assets	347,796.59	377,331.50
Tangible fixed assets used under rent, finance, lease, or similar agreements and included in the Company's assets	–	–
Total Balance Sheet tangible fixed assets	347,796.59	377,331.50
Other tangible fixed assets used under rent, operating lease, or similar agreements excluded from Balance Sheet	250,972.00	395,778.00

Particulars	Plant and machinery	Other tangible fixed assets	Total
Tangible fixed assets - movements during the year			
Cost at the beginning of period	957,648.58	26,522.19	984,170.77
Additions-purchase	236,491.71	–	236,491.71
Disposals-sale	(20,339.27)	–	-20,339.27
Cost at the end of period	1,173,801.02	26,522.19	1,200,323.21
Accumlated depreciation at the beginning of period	594.513.11	12,326.16	606,839.27
Additions- depreciation for the period	246.745.13	3,536.90	250,282.03
Disposals-sale	-4,594.68	–	-4,594.68
Accumulated depreciation at the end of period	836,663.56	15,863.06	852,526.62
Net book value at the beginning of period	363,135.47	14,196.03	377,331.50
Net book value at the end of period	337,137.46	10,659.13	347,796.59

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 prepayments

in PLN

Particulars	Current year	Previous year
Deferred income tax assets	2,274,429.43	549,810.74
Total long-term prepayments	2,274,429.43	549,810.74

3 Receivables and claims

in PLN

Particulars	Current year	Previous year
Gross receivables as at the Balance Sheet date	7,243,368.26	8,810,599.06
Write downs balance at the beginning of period	–	–
Increase	6,855.27	–
Utilization	–	–
Release	–	–
Write downs balance at the end of period	6,855.27	–
Net receivables and claims	7,236,512.99	8,810,599.06

4 Short-term prepayments

in PLN

Particulars	Current year	Previous year
Prepaid insurance		237.82
Prepaid subscriptions	–	–
Non-invoiced sales	262,692.96	536,573.18
Other	7,250.16	–
Total short-term prepayments	269,943.12	536,811.00

5 Equity

Particulars	Current year		Previous year	
Shareholders	Number of shares	Nominal value	Number of shares	Nominal value
Infosys Consulting Holding AG	10,000	1,000,000	10,000	1,000,000
Total	10,000	1,000,000	10,000	1,000,000

6 Supplementary capital

in PLN

Particulars	Current year	Previous year
Analysis of supplementary capital		
Repayable contributions from shareholders	–	–
Other	2,173,201.69	–
Total supplementary capital	2,173,201.69	–

7 Net profit (loss) for the year

The Management Board proposes to cover the losses from profits of next years.

8 Short-term payables over the period

in PLN

No	Age	Value
1	Current	793,258
a	Related entities	789,248.25
b	Other entities	4,009.80
2	Overdue	–
a	Related entities	–
	until 90days	–
	90-180	–
	180-360	–
	over 360	–
b	Other entities	–
	until 90days	
	90-180	–
	180-360	–
	over 360	–
Total		793,258.05

9 Accruals and deferred income

in PLN

Particulars	Current year	Previous year
Long-term accruals		
inne	84,277.77	–
Total long-term accruals	84,277.77	–
Short-term accruals		
Services provided not invoiced	465,866.63	173,101.90
Unused holidays accrual	1,382,567.00	1,070,421.00
Annual bonus provided	1,442,792.31	952,770.67
Accrual for salaries	3,016,775.95	
Other	7,031,571.66	792,372.93
Provision for expense	805,124.11	3,076,066.80
Total short-term accruals	14,144,697.66	6,064,733.30

10 Sales revenue

in PLN

Particulars	Current year	Previous year
Analysis of sales revenue		
Sales of finished products	–	–
Sales of services	59,682,556.05	47,540,127.54
Sales of goods for resale	–	–
Total sales revenue	59,682,556.05	47,540,127.54
Sales analysis by geographical area		
Domestic sales	2,229,218.86	2,688,550.55
Export sales	57,453,337.19	4,4851,576.99
Total sales	59,682,556.05	47,540,127.54

11 Corporate income tax

in PLN

Particulars	Current year	Previous year
Current taxation	2,277,981.00	661,316.00
Deferred taxation	(1,724,618.69)	212,027.26
Total	553,362.31	873,343.26
Current taxation		
Profit / (loss) before tax	510,307.36	3,050,377.95
Permanent differences between accounting profit / (loss) and taxable profits	11,479,071.95	1,431,898.90
Costs and losses which are excluded from income-earning costs by taxation legislation, including	12,577,619.92	3,695,848.81
Unrealized foreign exchange losses	561,774.55	116,161.54
Annual bonus accrued	1,442,792.31	952,770.67
Unused holidays accrual	312,146.00	317,337.00
Contribution for handicapped people	169,738.00	124,761.00
Salaries not paid	904,987.00	–
Social fund contributions not paid	200,390.97	145,777.30
Amortization	(18,572.59)	(19,964.90)
Other	9,004,363.68	2,059,006.20
Costs incurred in prior year, related to current tax year	1,098,547.97	2,263,949.91
Paid social fund contribution	145,777.30	1,468,209.84
Paid bonuses	952,770.67	698,054.11
Reversal of other accrual		97,685.96
Profit / (loss) after adjustment for permanent differences	11,989,379.31	4,482,276.85
Taxable income	11,989,379.31	4,482,276.85
Prior period losses		(1,001,666.51)
Tax base	11,989,379.31	3,480,610.34
Corporate Income Tax	2,277,981.00	661,316.00
Deferred Taxation [1]		
Unused holidays accrual	262,687.73	203,379.99
Annual bonus accrual	274,130.54	181,026.43
Social fund contributions not paid	210,021.81	27,697.69
Assets	3,264.74	2,092.63
Other costs	1524,324.61	135,614.00
Total deferred tax assets	2274,429.43	549,810.73

[1] The Company did not make any write downs for deferred tax assets.

12 Explanation of structure to the Cash Flow Statement

in PLN

Particulars	Current year	Previous year
Cash-in-bank	11,512,405.95	1,935,324.07
Deposit	–	–
Total	11,512,405.95	1,935,324.07

13 Average number of employees

in PLN

Particulars	Current year	Previous year
Office employees	10	9
Other	161	103
Total	171	112

14 Rates used for year-end revaluation

in PLN

Particulars	Current year	Previous year
EUR	4.4240	4.2615
CHF	4.1173	3.9394
GBP	5.1445	5.7862

15 Transactions with members of the Management Board

There were no transactions with members of the Management Board.

16 Transactions with related parties

The Company is part of Lodestone Holding Group. The group consolidated financial statements are prepared by Lodestone Holding AG, Switzerland.

Inter-company transactions were as follows:

in PLN

Particulars	Current year	Previous year
Infosys Consulting AG, Switzerland		
Debtors	800,335.84	2,449,885.82
Creditors	168,393.42	309,104.15
Incomes	16,407,652.40	22,457,193.58
Costs	1,247,758.02	813,192.27
Infosys Consulting Co Ltd., United Kingdom		
Debtors	228,242.02	626,953.72
Creditors	446,258.81	191,004.00
Incomes	3,864,762.19	2,596,201.14
Costs	6,597,635.04	4,723.60
Lodestone Management Consultants Inc., USA		
Debtors	145,660.29	709,356.76
Incomes	2,310,775.06	3,101,140.72
Lodestone Management Consultants, Belgium		
Debtors	–	4,385.21
Creditors	–	–
Incomes	18,205.33	26,331.88
Costs	216,067.71	–
Infosys Consulting s.r.o., Czech Republic		
Debtors	–	2,043.15
Creditors	25,804.16	20,112.95
Incomes	10,839.68	–
Costs	109,362.90	–
Infosys Consulting SRL, Romania		
Debtors	–	2,942.13
Incomes	22,431.31	31,806.50
Other Incomes		
Infosys Consulting SAS, France	–	–
Debtors		1,043,171.39
Incomes	9,674.73	663,872.20
Infosys Consulting GmbH, Germany		
Debtors	1,587,863.18	2,695,660.46
Creditors	137,854.80	–
Incomes	17,909,105.56	15,576,143.98
Costs	581,711.11	95,090.74
Infosys Australia PTY. Ltd, Australia		
Debtors	–	14,315.59
Incomes	55,486.37	72,540.56
Costs	–	–
Lodestone Management Consultants Austria		
Debtors	–	816.25
Incomes	72.36	3,846.87
Infy Consulting BV, Netherlands		
Debtors	–	77,932.87
Creditors	(44,339.85)	–
Incomes	39,213.89	223,468.23
Costs	–	–

Particulars	Current year	Previous year
Lodestone Management, Portugal		
Debtors	3,288.02	25,919.00
Creditors	43,734.50	–
Incomes	56,218.03	18,497.93
Costs		
Infosys Consulting PTE.Ltd, Singapore		
Debtors	–	6,047.71
Incomes	–	60,263.34
Lodestone Augmentis AG, Switzerland		
Debtors	–	–
Incomes	–	157.11
Infosys Limited, India		
Debtors	–	–
Creditors	12,040.01	–
Incomes	–	–
Lodestone Management Consultants (Canada) Inc., Canada		
Debtors	–	146,109.62
Creditors	–	–
Incomes	–	–

17 Auditors' fees paid or accrued for the year

in PLN

Particulars	Current year	Previous year
Obligatory audit of financial statement	35,000.00	35,000.00

18 Post Balance Sheet events

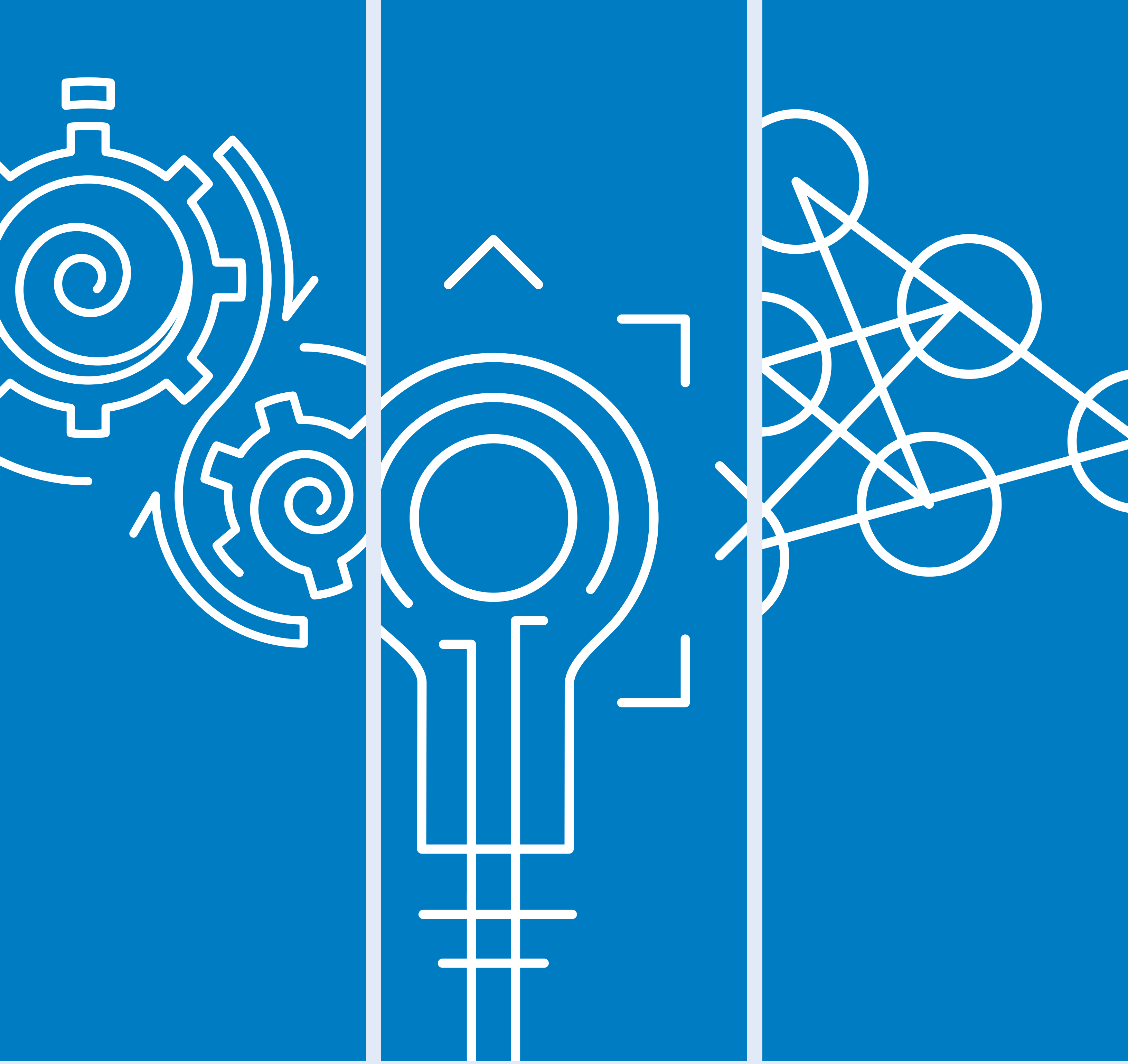
Until the date of the financial statements for the fiscal year, that is, February 8, 2017, no events concerning previous years occured, that should be included in the books of account.

19 Significant prior years' events reflected in the financial statements

Until the date of the financial statements for the fiscal year, that is, February 8, 2017, no events concerning previous years occured, that should be included in the books of account.

20 Other information

All other disclosure requirements contained in Schedule 1 of the Accounting Act of September 29, 1994 are not applicable.



Panaya Inc.

Independent Auditors' Report

To the Members of Panaya Inc.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Panaya Inc. ('the Company'), which comprs the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 frs 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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016 and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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 :

i. 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;

ii. 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;

iii. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 9, 2017

Balance Sheet

in US $

Particulars	Note	December 31, 2016	December 31, 2015	January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.1	265,343	114,097	60,930
Investments	2.2	39,169,740	39,169,740	39,169,740
Total non-current Assets		39,435,083	39,283,837	39,230,670
CURRENT ASSETS				
Financial assets				
Trade receivables	2.3	19,568,186	11,312,088	3,430,233
Cash and cash equivalents	2.4	562,848	207,047	20,192,453
Other financial assets	2.5	12,000,912	17,369,809	303,878
Other current assets	2.6	70,655	6,918	633
Income tax assets, net		1,690	–	3,100
Total current assets		32,204,291	28,895,862	23,930,297
Total assets		71,639,374	68,179,699	63,160,967
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.7	–	–	2,798
Other equity		56,668,147	56,029,912	55,629,795
Total equity		56,668,147	56,029,912	55,632,593
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		–	–	2,160,747
Total non-current liabilities		–	–	2,160,747
Current liabilities				
Financial liabilities				
Trade payables	2.8	11,597,635	6,607,991	82,435
Other financial liabilities	2.9	739,019	1,026,060	534,348
Other current liabilities	2.10	2,626,473	4,338,104	4,750,844
Income tax liabilities, net	2.11	8,100	177,632	–
Total current liabilities		14,971,227	12,149,787	5,367,627
Total equity and liabilities		71,639,374	68,179,699	63,160,967

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

Abdul Razack
Director

Place: Bengaluru
Date: January 9, 2017

Statement of Profit and Loss

in US $, except share and per share data

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.12	14,848,799	15,132,939
Other income, net	2.13	(212)	(31,250)
Total income		14,848,587	15,101,689
Expenses			
Employee benefit expenses	2.14	7,531,713	5,977,507
Cost of technical sub-contractors	2.14	5,014,212	6,496,638
Travel expenses	2.14	846,651	626,790
Cost of software packages and others	2.14	–	1,542
Communication expenses	2.14	68,878	73,321
Consultancy and professional charges		426,538	628,964
Depreciation	2.1	58,194	38,628
Other expenses	2.14	427,616	836,827
Total expenses		14,373,802	14,680,217
Profit before tax		474,785	421,472
Tax expense			
Current tax	2.11	(169,532)	177,632
Profit for the period		644,317	243,840
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the period		644,317	243,840
Earnings per share			
Equity shares of par value US $ 0.01 each			
Basic and diluted		322,159	121,920
Number of shares used in computing earnings per share			
Basic and diluted		2	2

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

Abdul Razack
Director

Place : Bengaluru
Date : January 9, 2017

Statement of Cash Flows

in US $

Particulars	For the year ended December 31,	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	644,317	243,840
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	58,194	38,628
Income tax expense	(169,532)	177,632
Other adjustments	(6,082)	153,480
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(8,256,097)	(7,881,855)
Other assets	5,305,159	(17,072,216)
Trade payables	4,989,644	6,525,556
Other financial liabilities, other liabilities and provisions	(1,998,672)	78,972
Cash generated from operations	566,931	(17,735,964)
Income taxes paid	(1,690)	3,100
NET CASH GENERATED BY OPERATING ACTIVITIES	565,241	(17,732,864)
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant, and equipment, net of sale proceeds	(209,440)	(91,795)
Repayment of Loan	–	(2,160,747)
NET CASH USED IN INVESTING ACTIVITIES	(209,440)	(2,252,542)
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	355,801	(19,985,406)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	207,047	20,192,453
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	562,848	207,047

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

Abdul Razack
Director

Place : Bengaluru
Date : January 9, 2017

Statement of Changes in Equity

in US $

Particulars	Equity share capital	Other equity: Reserves and surplus: Securities premium reserve	Other equity: Reserves and surplus: Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2015	2,798	53,359,218	2,270,577	55,632,593
Changes in equity for the year ended December 31, 2015				
Cancellation of shares	(2,798)	2,798	–	–
Changes during the year	–	153,480	–	153,480
Profit for the period	–	–	243,840	243,840
Balance as of December 31, 2015	–	53,515,496	2,514,417	56,029,912

in US $

Particulars	Equity share capital	Other equity: Reserves and surplus: Securities premium reserve	Other equity: Reserves and surplus: Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2016	–	53,515,496	2,514,417	56,029,912
Changes in equity for the year ended December 31, 2016				
Changes during the year	–	(6,082)	–	(6,082)
Profit for the period	–	–	644,317	644,317
Balance as of December 31, 2016	–	53,509,414	3,158,734	56,668,147

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

Abdul Razack
Director

Place : Bengaluru
Date : January 9, 2017

Significant accounting policies

Company overview

Panaya Inc, USA 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 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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 allowances for credit losses, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

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.

1.4 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.

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.6 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[(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.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.7 Financial instruments

1.7.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.7.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

1.8 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.9 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets, which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in the previous years.

1.10 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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.

1.11 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in US Dollars.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.12 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. 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 realized.

1.13 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of exchange gain / loss on translation of assets and liabilities and miscellaneous income.

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 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 Cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they incurred

2 Notes to the standalone financial statements for the year ended December 31, 2016

First-time adoption of Ind AS

These standalone financial statements of Panaya Inc for the year ended December 31, 2016, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies *(Refer to Note 1)* have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, Reconciliation Statement, in accordance with Ind AS 101, has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.1 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in US $

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	54,095	9,873	104,168	11,511	179,647
Additions	26,165	7,167	131,937	44,171	209,440
Deletions	–	–	–	–	–
Gross carrying value as of December 31, 2016	80,260	17,040	236,105	55,682	389,087
Accumulated depreciation as of January 1, 2016	(7,492)	(3,680)	(51,525)	(2,853)	(65,550)
Depreciation	–	–	–	–	–
Accumulated depreciation on deletions	(11,441)	(2,196)	(41,023)	(3,534)	(58,194)
Accumulated depreciation as of December 31, 2016	(18,933)	(5,876)	(92,548)	(6,387)	(123,744)
Carrying value as of December 31, 2016	61,327	11,164	143,557	49,295	265,343
Carrying value as of January 1, 2016	46,603	6,193	52,643	8,658	114,097

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in US $

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	2,895	–	73,446	11,511	87,852
Additions	51,200	9,873	30,722	–	91,795
Deletions	–	–	–	–	–
Gross carrying value as of December 31, 2015	54,095	9,873	104,168	11,511	179,647
Accumulated depreciation as of January 1, 2015	(124)	–	(26,247)	(551)	(26,922)
Depreciation	(7,368)	(3,680)	(25,278)	(2,302)	(38,628)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2015	(7,492)	(3,680)	(51,525)	(2,853)	(65,550)
Carrying value as of December 31, 2015	46,603	6,193	52,643	8,658	114,097
Carrying value as of January 1, 2015	2,771	–	47,199	10,960	60,930

2.2 Investments

in US $

Particulars	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
Non-current investments			
Equity instruments of subsidiaries	39,169,740	39,169,740	39,169,740
Total carrying value	39,169,740	39,169,740	39,169,740

in US $

Particulars	As at December 31, 2016	As at December 31, 2015
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Panaya Ltd, Israel	39,069,600	39,069,600
Panaya GmbH, Germany	38,841	38,841
Panaya Japan Co Ltd, Japan	61,298	61,298
Total non-current investments	39,169,740	39,169,740
Aggregate amount of unquoted investments	39,169,740	39,169,740
Investments carried at cost	39,169,740	39,169,740

2.3 Trade receivables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	19,568,186	11,312,088	3,430,233
Considered doubtful	–	–	–
	19,568,186	11,312,088	3,430,233
Less : Allowances for credit losses	–	–	–
	19,568,186	11,312,088	3,430,233
[1] Includes dues from subsidiaries	18,470,888	8,636,301	–

2.4 Cash and cash equivalents

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current and deposit accounts	561,299	207,047	20,192,453
Cash-on-hand	1,549	–	–
	562,848	207,047	20,192,453

2.5 Other financial assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Security deposits [1]	–	–	400
Rental deposits [1]	37,215	15,642	15,642
Others [1][2]	11,963,697	17,354,167	287,836
Total	12,000,912	17,369,809	303,878
[1] Financial assets carried at amortized cost	12,000,912	17,369,809	303,878
[2] Includes dues from subsidiaries	11,963,697	17,354,167	287,836

2.6 Other assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Prepaid expenses	70,655	6,918	633
Total other assets	70,655	6,918	633

2.7 Equity

Equity share capital

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity share capital (2 Equity shares of par value US $ 0.01 each)	–	–	2,798
Issued, subscribed and paid-up			
Equity share capital (2 Equity shares of par value US $ 0.01 each)	–	–	2,798
	–	–	2,798

The details of shareholder holding more than 5% shares are as follows:

in US $

Name of the shareholder	As at		
	December 31,		January 1,
	2016	2015	2015
Infosys Ltd	100%	100%	0%

2.8 Trade payables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	11,597,635	6,607,991	82,435
	11,597,635	6,607,991	82,435
[1] Includes dues to subsidiaries	11,511,068	6,496,638	–

2.9 Other financial liablities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees [1]	555,000	904,861	439,054
Accrued expenses [1]	19,816	15,021	11,314
Compensated absences	144,171	100,479	54,487
Other payables [1]	20,032	5,699	29,493
	739,019	1,026,060	534,348
Total financial liabilities	739,019	1,026,060	534,348
[1] Financial liability carried at amortized cost	594,848	925,581	479,861

2.10 Other liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	2,599,453	4,303,725	4,718,138
Others			
Withholding taxes and others	27,020	34,379	32,706
	2,626,473	4,338,104	4,750,844

2.11 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	(169,532)	177,632
Income tax expense	(169,532)	177,632

Current tax expenses for the year ended December 31, 2016 include reversal amounting to 177,631 pertaining to prior periods.

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

in US $

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	474,785	421,472
Enacted tax rates in USA	40%	40%
Computed expected tax expense	189,914	168,589
Effect of unrecognized deferred tax assets	(180,195)	–
Tax reversals	(177,631)	–
Effect of non-deductible expenses	(1,620)	9,043
Income tax expense	(169,532)	177,632

The applicable statutory tax rate in USA for fiscal 2017 and fiscal 2016 is 40%.

The following table provides the details of income tax assets and income tax liabilities :

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	1,690	–	3,100
Current income tax liabilities	(8,100)	(177,632)	–
Net current income tax assets / (liability) at the end	(6,410)	(177,632)	3,100

The gross movement in the current income tax asset / (liability) is as follows :

in US $

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(177,632)	3,100
Income tax paid	1,690	(3,100)
Current income tax expense	169,532	(177,632)
Net current income tax asset / (liability) at the end	(6,410)	(177,632)

2.12 Revenue from operations

in US $

Particulars	For the year ended December 31,	
	2016	2015
Income from software services	14,848,799	15,132,939
	14,848,799	15,132,939

2.13 Other income

in US $

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	(212)	(31,250)
	(212)	(31,250)

2.14 Expenses

in US $

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	7,517,053	5,970,602
Staff welfare	14,660	6,905
	7,531,713	5,977,507
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	5,014,212	6,496,638
	5,014,212	6,496,638
Travel expenses		
Overseas travel expenses	501,557	356,650
Overseas boarding and Lodging	300,598	228,131
Perdiem	44,496	42,009
	846,651	626,790
Cost of software packages and others		
For own use	–	1,542
	–	1,542
Communication expenses		
Telephone charges	68,878	73,321
	68,878	73,321

in US $

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Office maintenance	100,851	67,704
Printing and stationery	3,844	7,295
Marketing expenses	75,116	52,293
Rent	76,951	62,569
Rates and taxes, excluding taxes on income	9,519	63,785
Postage and courier	1,796	2,700
Insurance charges	2,980	2,585
Allowances for credit losses	48,125	–
Consumables	59,875	43,730
Bank charges	3,209	280,117
Commission charges	43,889	186,111
Miscellaneous expenses	1,461	67,938
	427,616	836,827

2.15 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	76,951	62,569

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in US $

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	122,790	62,568	62,568
Later than 1 year and not later than 5 years	143,840	36,498	125,136
Later than 5 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 relates to rented prems. Some of these lease agreements have price escalation clauses.

2.16 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2016 were as follows:

in US $

Particulars	As of		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.4)*	562,848	207,047	20,192,453
Trade receivables *(Refer to Note 2.3)*	19,568,186	11,312,088	3,430,233
Other financial assets *(Refer to Note 2.5)*	12,000,912	17,369,809	303,878
Total	32,131,946	28,888,944	23,926,564
Liabilities			
Borrowings	–	–	2,160,747
Trade payables *(Refer to Note 2.8)*	11,597,635	6,607,991	82,435
Other financial liabilities *(Refer to Note 2.9)*	594,848	925,581	479,861
Total	12,192,483	7,533,572	2,723,043

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US $ 19,568,186 and US $ 11,312,088 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was US $ 48,125

in US $

Particulars	For the year ended December 31,	
	2016	2015
Balance at the beginning	–	–
Impairment loss recognized / reversed	48,125	–
Amounts written off	(48,125)	–
Translation differences	–	–
Balance at the end	–	–

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding bank borrowings as of December 31, 2016 and December 31, 2015.

As of December 31, 2016, the Company had a working capital of US $ 17,233,064 including cash and cash equivalents of US $ 562,848. As of December 31, 2015, the Company had a working capital of US $ 16,746,076 including cash and cash equivalents of US $ 207,047.

2.17 Related party transactions

List of related parties :

Name of 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 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 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
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 (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	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.
Infy Consulting B.V. (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 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

Name of fellow subsidiaries	Country
Panaya GmbH[10][11]	Germany
Panaya Pty Ltd[10][11][19]	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

Name of associates	Country
DWA Nova LLC[1]	U.S.

[1] Associate of Infosys Nova Holdings LLC.

The details of amounts due to or due from related parties are as follows:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Panaya Ltd	18,470,888	8,636,301	–
	18,470,888	8,636,301	–
Other receivables			
Panaya Ltd	11,963,697	17,354,167	287,836
	11,963,697	17,354,167	287,836
Trade payables			
Panaya Ltd.	11,511,068	6,496,638	–
	11,511,068	6,496,638	–
Other payables			
Infosys Ltd	218	–	–
	218	–	–

The details of the related parties transactions entered into by the Company are as follows:

in US $

Particulars	For the year ended December 31	
	2016	2015
Revenue transactions		
Purchase of services		
Panaya Ltd.	5,014,212	6,496,638
	5,014,212	6,496,638
Sale of services		
Panaya Ltd.	9,834,587	8,636,300
	9,834,587	8,636,300

2.18 Segment-reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the 'management approach', as defined in Ind AS 108 - Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 108 - Segment-reporting.

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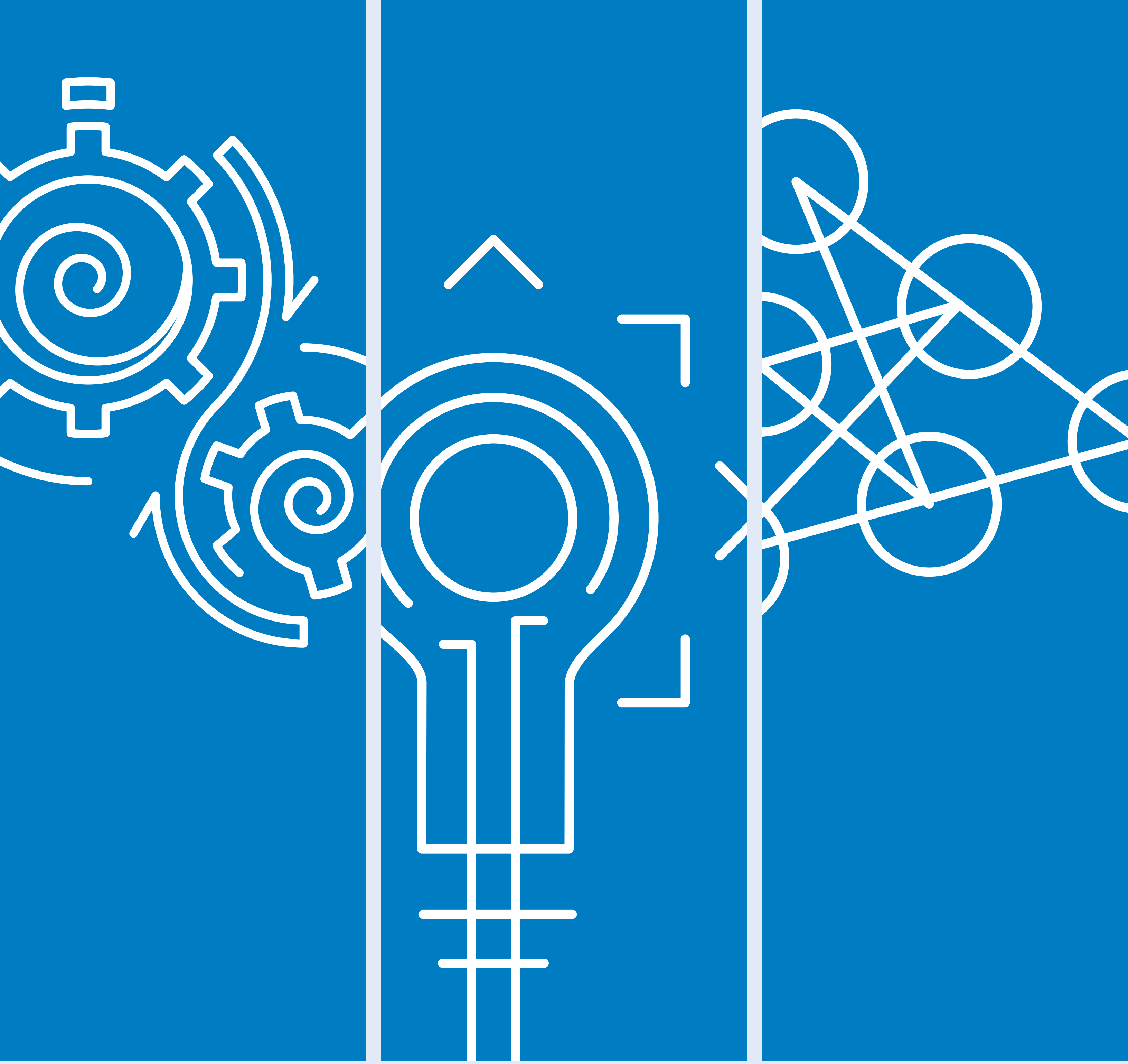


Infosys Consulting Pte Ltd.

(formerly Lodestone Management Consultants Pte Ltd.)

Independent Auditors' Report

Members of the Company Infosys Consulting Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the 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 December 31, 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS18.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at December 31, 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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.

Responsibilities of management and directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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
March 20, 2017

Statement of financial position as at December 31, 2016

in SG $

Particulars	Note	2016	2015
Non-current asset			
Plant and equipment	4	305,803	90,273
Current assets			
Trade and other receivables	5	2,578,475	4,448,266
Cash and cash equivalents	6	320,515	280,668
		2,898,990	4,728,934
Total assets		3,204,793	4,819,207
Equity			
Share capital	7	10,990,000	100,000
Accumulated losses		(11,268,629)	(8,452,335)
Total equity		(278,629)	(8,352,335)
Current liability			
Trade and other payables	8	3,483,422	13,171,542
Total liability		3,483,422	13,171,542
Total equity and liability		3,204,793	4,819,207

Statement of Comprehensive Income for the year ended December 31, 2016

in SG $

Particulars	Note	2016	2015
Revenue	9	15,884,500	28,038,628
Cost of services		(16,032,745)	(26,198,837)
Gross (loss)/profit		(148,245)	1,839,791
Other income		832,179	12,900
Depreciation expense	4	(151,541)	(45,784)
Staff costs		(1,858,539)	(1,816,678)
Other operating expenses		(949,480)	(871,939)
Results from operating activities		(2,275,626)	(881,710)
Interest expense		(246,972)	(160,746)
Loss before tax	10	(2,522,598)	(1,042,456)
Tax expense	11	(293,696)	(85,818)
Loss for the year		(2,816,294)	(1,128,274)
Other comprehensive loss for the year,			
Net of tax		–	–
Total comprehensive loss for the year		(2,816,294)	(1,128,274)

Statement of Changes in Equity or the year ended December 31, 2016

in SG $

	Share capital	Accumulated losses	Total
At January 1, 2015	100,000	(7,324,061)	(7,224,061)
Total comprehensive income for the year			
Loss for the year/Total comprehensive loss for the year	–	(1,128,274)	(1,128,274)
At December 31, 2015	100,000	(8,452,335)	(8,352,335)
At January 1, 2016	100,000	(8,452,335)	(8,352,335)
Total comprehensive income for the year			
Loss for the year/Total comprehensive loss for the year	–	(2,816,294)	(2,816,294)
Transaction with owners, recorded directly in equity			
Contribution by owners			
Issuance of ordinary shares	10,890,000	–	10,890,000
Total contribution by owners	10,890,000	–	10,890,000
At December 31, 2016	10,990,000	(11,268,629)	(278,629)

Statement of Cash Flows for the year ended December 31, 2016

in SG $

Particulars	Note	2016	2015
Cash flows from operating activities			
Loss before tax		(2,522,598)	(1,042,456)
Adjustments for:			
Interest expense		246,972	160,746
Tax expense		293,696	85,818
Depreciation of plant and equipment	4	151,541	45,784
		(1,830,389)	(750,108)
Changes in working capital:			
Trade and other receivables		1,869,791	(3,058,667)
Trade and other payables		(1,141,974)	1,771,801
Cash used in operations		(1,102,572)	(2,036,974)
Tax paid		–	(85,818)
Net cash used in operating activities		(1,102,572)	(2,122,792)
Cash flows from investing activity			
Purchase of plant and equipment	4	(367,071)	(36,400)
Net cash used in investing activity		(367,071)	(36,400)
Cash flows from financing activity			
Loan from related company		1,509,490	2,128,624
Net cash generated from financing activity		1,509,490	2,128,624
Net increase / (decrease) in cash and cash equivalents		39,847	(30,568)
Cash and cash equivalents at beginning of year		280,668	311,236
Cash and cash equivalents at end of year	6	320,515	280,668

Significant non-cash transactions

During the year, the Company issued 10,890,000 ordinary shares at the issue price of SG $1.00 per share to a related party by way of capitalization of the loan due to the related party.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on March 20, 2017.

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 1, 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.

During the year, the immediate holding company changed from Infosys Consulting Holding AG to 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 the 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 recognized 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 following accounting policies have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized 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 recognized 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 recognizes 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 recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized 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 realize 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized 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 recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognized 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 method.

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 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 recognized 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 recognized in the profit or loss as incurred.

Depreciation is recognized 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 amortized 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 recognized in statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized. 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 recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.5 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized 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 recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Revenue

Services rendered

Service fees are recognized on an accrual basis when services have been rendered. Contracts are billed based on time and 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 recognized in profit or loss except to the extent that it relates to items recognized 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognized 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 recognized 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 recognized 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 utilized. 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 realized.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized 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 January 1, 2016, 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

January 1, 2018 and FRS 116 Leases which is mandatory for adoption by the Company on

January 1, 2019.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contract to be recognized 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 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.
- FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model, where a lessee is required to recognize right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease; INT FRS 15 Operating Leases—Incentives; and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

As FRS 109, FRS 115 and FRS 116 when effective, will change the existing accounting standards and guidance applied by the Company in accounting for financial instruments, revenue and leases, these standards are expected to be relevant to the Company. The Company does not plan to adopt these standards early.

4 Plant and equipment

in SG $

Particulars	Computers	Furniture, fittings and office equipment	Total
Cost			
At January 1, 2015	286,778	6,946	293,724
Additions	36,400	–	36,400
Disposals	(128,057)	(1,026)	(129,083)
At December 31, 2015	195,121	5,920	201,041
Additions	52,589	314,482	367,071
At December 31, 2016	247,710	320,402	568,112
Accumulated depreciation			
At January 1, 2015	187,121	6,946	194,067
Depreciation charge for the year	45,784	–	45,784
Disposals	(128,057)	(1,026)	(129,083)
At December 31, 2015	104,848	5,920	110,768
Depreciation charge for the year	65,739	85,802	151,541
At December 31, 2016	170,587	91,722	262,309
Carrying amounts			
At January 1, 2015	99,657	–	99,657
At December 31, 2015	90,273	–	90,273
At December 31, 2016	77,123	228,680	305,803

5 Trade and other receivables

in SG $

Particulars	2016	2015
Trade receivables – third parties	879,680	524,981
Accrued receivables	375,895	298,928
Amount due from holding company (trade)	–	2,780,751
Amounts due from related companies (trade)	1,148,472	630,436
Deposit	108,365	121,307
Other receivables	17,417	45,141
Loans and receivables	2,529,829	4,401,544
Prepayments	48,646	46,722
	2,578,475	4,448,266

There is no allowance for doubtful receivables arising from the outstanding balances from the holding company and related companies.

Impairment losses

The ageing of loans and receivables at the reporting date is:

in SG $

Particulars	Gross	
	2016	2015
Not past due	2,428,169	4,401,544
Past due 1 – 30 days	19,011	–
Past due 31 – 60 days	18,269	–
Past due more than 61 days	64,380	–
	2,529,829	4,401,544

6 Cash and cash equivalents

in SG $

	2016	2015
Cash at bank and in hand	320,515	280,668

7 Share capital

Particulars	2016		2015	
	No. of shares	SG $	No. of shares	SG $
Fully paid ordinary shares, with no par value				
At January 1 and December 31,	10,990,000	10,990,000	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

in SG $

Particulars	2016	2015
Trade payables – third parties	58,239	14,167
Amount due to holding company (trade)	455,045	–
Amounts due to related companies (trade)	212,136	1,229,932
Loan from related company	211,902	9,345,440
Accrued expenses	2,100,222	2,422,432
Other payables	445,878	159,571
	3,483,422	13,171,542

Loan from immediate holding corporation is unsecured, bears an interest of 3.25% (2015: 2.25%) per annum and repayable on demand.

9 Revenue

in SG $

Particulars	2016	2015
Rendering services to third parties	3,880,090	3,736,127
Rendering services to holding company	8,612,766	21,725,145
Rendering services to related companies	3,391,644	2,577,356
	15,884,500	28,038,628

10 Loss before tax

The following items have been included in arriving at loss before tax:

in SG $

Particulars	2016	2015
Exchange loss – net	62,994	301,390
Operating lease expense	379,335	–
Staff costs included in cost of services	15,985,263	25,569,776
Contributions to defined contribution plans included in cost of services	324,941	208,977
Contributions to defined contribution plans included in staff costs	73,543	102,661
	398,484	311,638

11 Tax expense

in SG $

Particulars	2016	2015
Current tax expense		
Current year	–	–
Foreign taxation	293,696	85,818
	293,696	85,818
Reconciliation of effective tax rate		
Loss before tax	(2,522,598)	(1,042,456)
Tax calculated using Singapore tax rate of 17%	(428,841)	(177,218)
Non-deductible expenses	67,747	38,408
Deferred tax not recognized	361,094	138,810
Foreign taxation	293,696	85,818
	293,696	85,818

The following temporary differences have not been recognized:

in SG $

Particulars	2016	2015
Unutilized tax losses	9,522,199	7,398,117

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 recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

12 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:

in SG $

Particulars	2016	2015
Short-term employee benefits	835,875	513,137

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:

in SG $

Particulars	2016	2015
Related parties		
Management fee income	(742,723)	–
Services rendered	(12,004,410)	(24,290,827)
Management fee expense	195,062	235,435
Loan interest expense	246,972	160,746
Cost of services	1,758,227	10,602,757

13 Commitments

Non-cancellable operating leases rentals are payable as follows:

in SG $

Particulars	2016	2015
Within 1 year	413,820	379,335
Between 2-5 years	448,305	862,125
	862,125	1,241,460

The Company leases an office premise under operating lease which has a remaining non-cancellable lease term of 2 years.

14 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 the 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 the 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:

in SG $

Particulars	Carrying amount	Contractual cash flow	Less than a year
2016			
Non-derivative financial liability			
Trade and other payables	3,483,422	(3,490,309)	(3,490,309)
2015			
Non-derivative financial liability			
Trade and other payables	13,171,542	(13,418,514)	(13,418,514)

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), Chinese Yuan Renminbi (RMB), Euro (EUR) and Swiss Franc (CHF).

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:

in SG $

Particulars	USD	RMB	EUR	CHF
2016				
Trade and other receivables	748,107	–	23,939	45,103
Cash and cash equivalents	243,622	–	–	–
Trade and other payables	(7,539)	(182,103)	(19,546)	–

Particulars	USD	RMB	EUR	CHF
	984,190	(182,103)	4,393	45,103
2015				
Trade and other receivables	524,891	–	–	–
Cash and cash equivalents	100,600	–	–	–
Trade and other payables	–	(1,255,078)	(492,621)	(416,561)
	625,491	(1,255,078)	(492,621)	(416,561)

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 as follows. The analysis assumed that all other variables, in particular foreign currency rates, remain constant.

in SG $

Particulars	Loss before tax	
	2016	2015
USD	49,209	31,275
RMB	(9,105)	(62,754)
EUR	220	(24,631)
CHF	2,255	(20,828)

Sensitivity analysis

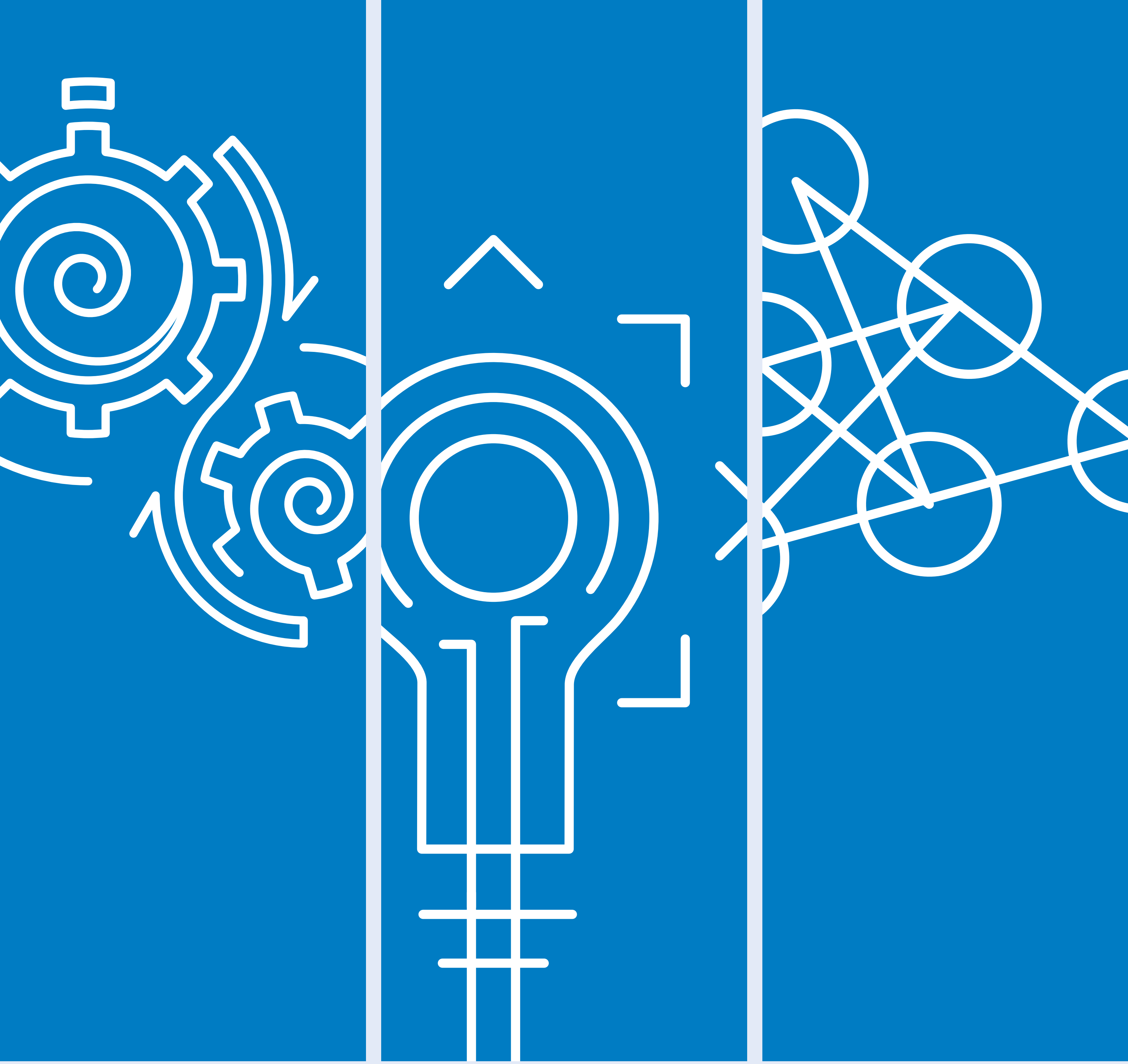
A 5% weakening of Singapore dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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:

in SG $

Particulars	Note	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
December 31, 2016					
Trade and other receivables (excluding prepayments)	5	2,529,829	–	2,529,829	2,529,829
Cash and cash equivalents	6	320,515	–	320,515	320,515
		2,850,344	–	2,850,344	2,850,344
Trade and other payables	8	–	(3,483,422)	(3,483,422)	(3,483,422)
December 31, 2015					
Trade and other receivables (excluding prepayment)	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
Trade and other payables	8	–	(13,171,542)	(13,171,542)	(13,171,542)



Infosys (Czech Republic) Limited s.r.o

(formerly Infosys BPO s.r.o)

Translated from the Czech original Annual Report

Company: Infosys (Czech Republic) Limited s.r.o, Holandská 872/9, Brno, Czech Republic Ident. No: 269 18 757

Independent Auditors' Report

To the Member of Infosys (Czech Republic) Limited s.r.o

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o ('the Company'), prepared in accordance with Czech accounting legislation, which comprise the Balance Sheet as at 31 March 2017, and the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the period then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditors' Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditors' report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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 is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for the oversight of the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statutory Auditor Responsible for the Engagement

Ing. Blanka Dvořáková is the statutory auditor responsible for the audit of the financial statements of Infosys (Czech Republic) Limited s.r.o as at 31 March 2017, based on which this independent auditors' report has been prepared.

Prague

9 May 2017

KPMG Česká republika Audit, s.r.o
Registration number: 71

Ing. Blanka Dvořáková
Partner
Registration number: 2031

Introduction

The nature of the services (business process outsourcing) provided by the Company Infosys (Czech Republic) Limited s.r.o are in line with the following trade licenses in the Czech Republic:

1 Production, trade and services not listed in annexes 1 to 3 of the Trade Licensing Act

Fields of activity:

- services in the area of administration and services of an organizational and economic nature;
- provision of software, information technology consulting, data processing, hosting and related activities and web portals;
- guidance and consulting activities, production of expert studies and opinions;
- research and development in the field of natural and technical sciences or social sciences;
- intermediation in trade and services;
- translation and interpretation activities.

2 Activities of accounting advisors and accounts keeping

Description of activities

Technical Contact Center

Providing technical support to Infosys clients'

personnel and / or customers via phone, mail, or chat. Support provided in most of European languages

Finance and Accounting

Providing expert accounting support in the following areas:

- Accounts payable
- Accounts receivable
- Travel and expense
- General ledger

Insurance services

Processes

Underwriting Support (end-to-end process – all stages of insurance policies)

Banking Services

Providing reporting software on boarding support to

European clients of an American Banking institution

Other Services

Small client operations with the following processes:

- Translation and interpretation support
- Remote partner support and management
- Remote warehouse software support
- Remote quality control
- Transition and due-diligence support
- Project management support
- Process and operation consulting

Information according to Sec 21(2) of Act No. 563/1991, Act of Accountancy

About facts which occured after the Balance Sheet date and are material for the fulfilment of the purpose of this Annual Report: none

Change of the executive director:

As at 19 July 2016, Mr. Deepak Bhalla was recalled from the position of the statutory representative. On

19 July 2016, Mr. Nishit Ajitkumar Shah has become the statutory representative.

Changes in the Supervisory Board:

As at 19 July 2016, Mr. Anup Uppadhayay (hitherto chairman) and Mr. Rajesh Krishnamurthy were recalled from the Supervisory Board.

On 19 July 2016, Mr. Anup Kapoor and Mr. Kapil Jain have become members of the Supervisory Board and Mr. Anantha Radhakrishnan has become Chairman of the Supervisory Board.

All above mentioned changes have been registered in the Commercial Register on 26 September 2016.

- About forecasted development in activities of the reporting unit

The turnover for 2016-17 amounted to 228,251.

TCZK compared with 229,554 TCZK for 2015-16. The average number of employees decreased from 290 in 2015-16 to 269 in 2016-17. The number of employees as at 31st March 2017 (including employees on maternity and parental leave) amounted to 319 (31st March 2016 – 360 employees).

It is expected that in 2017-18, there will be 261 employees (excluding employees on maternity and parental leave) and turnover of 248,000 TCZK

- About any R&D activities: none
- About acquisition of own shares or own ownership interests The Company has acquired no own shares or ownership interests.
- About any activities in the area of environmental protection

The Company tries to reach for ecological and thrifty handling with raw materials, energy, water and other sources when providing services in order to improve the inputs efficiency.

- About labour-law relations

The Company fulfils and meets all conditions, duties stipulated by the Czech labour code.

- The Company does not have any branch or other component of its business enterprise abroad.

Enclosures:

1. Financial statements as at and for the period ending 31 March 2017
2. Report on Relations for the in Czech crown thousand period ending 31March 2017
3. Audit report

Date: 9 May 2017

Signature

Nishit Ajitkumar Shah
Company Executive Director

Balance Sheet

in Czech crown thousand

Assets	Current period			Prior period
	Gross	Adjust	Net	Net
TOTAL ASSETS	330 906	(53 812)	277 094	228 658
FIXED ASSETS	117 387	(53 745)	63 642	10 973
Tangible fixed assets	63 168	(53 745)	9 423	10 973
Land and buildings	9 767	(9 401)	366	376
Buildings	9 767	(9 401)	366	376
Plant and equipment	53 401	(44 344)	9 057	10 597
Long-term investments	54 219	–	54 219	–
Other long-term securities and equity investments	54 219	–	54 219	–
CURRENT ASSETS	212 809	(67)	212 742	217 356
RECEIVABLES	33 911	(67)	33 844	64 727
Long-term receivables	10 015	–	10 015	7 554
Deferred tax asset	5 409	–	5 409	3 140
Receivables - other	4 606	–	4 606	4 414
Long-term advances paid	4 606	–	4 606	4 414
Short-term receivables	23 896	(67)	23 829	57 173
Trade receivables	23 215	(67)	23 148	48 260
Receivables - other	681	–	681	8 913
Tax receivables	474	–	474	7 670
Short-term advances paid	173	–	173	677
Estimated receivables	–	–	–	12
Other receivables	34	–	34	554
Cash	178 898	–	178 898	152 629
Cash-in-hand	–	–	–	376
Bank accounts	178 898	–	178 898	152 253
DEFERRALS	710	–	710	329
Prepaid expenses	710	–	710	329

in Czech crown thousand

Liabilities	Current period	Prior period
TOTAL LIABILITIES AND EQUITY	277 094	228 658
EQUITY	227 773	172 434
Registered capital	18 750	18 750
Registered capital	18 750	18 750
Funds from profit	1 875	1 875
Other reserve funds	1 875	1 875
Retained earnings (+/-)	151 809	150 804
Retained profits	193 841	192 836
Accumulated losses (-)	(42 032)	(42 032)
Profit (loss) for the current period (+/-)	55 339	1 005
LIABILITIES	49 321	56 224
Provisions	7 559	11 326
Income tax provision	3 667	–
Other provisions	3 892	11 326
LIABILITIES	41 762	44 898
Short-term liabilities	41 762	44 898
Trade payables	2 667	692
Liabilities - other	39 095	44 206
Liabilities to shareholders / members	–	241
Payables to employees	6 991	8 953
Social security and health insurance liabilities	3 760	3 044
Tax liabilities and subsidies	1 261	–
Estimated payables	27 083	31 516
Other payables	–	452

Income Statement

in Czech crown thousand

Particulars	Current period	Prior period
REVENUE FROM PRODUCTS AND SERVICES	228 251	229 554
Cost of sales	47 269	49 196
Materials and consumables	3 046	1 671
Services	44 223	47 525
Personnel expenses	147 026	154 636
Wages and salaries	107 778	114 151
Social security, health insurance and other expenses	39 248	40 485
Social security and health insurance expenses	36 585	37 887
Other expenses	2 663	2 598
Adjustments relating to operating activities	4 705	6 272
Adjustments to intangible and tangible fixed assets	4 950	6 272
Depreciation and amortization of intangible and tangible fixed assets	4 950	6 272
Adjustments to receivables	(245)	–
Other operating revenues	22 386	3 450
Proceeds from disposals of fixed assets	299	428
Other operating revenues	22 087	3 022
Other operating expenses	(5 995)	5 331
Net book value of fixed assets sold	102	330
Taxes and charges	19	46
Provisions relating to operating activity and complex prepaid expenses	(7 434)	3 698
Other operating expenses	1 318	1 257
OPERATING PROFIT (LOSS) (+/-)	57 632	17 569
Interest revenue and similar revenue	192	–
Other interest revenue and similar revenue	192	–
Other financial revenues	12 050	7 438
Other financial expenses	5 689	19 958
PROFIT (LOSS) FROM FINANCIAL OPERATIONS	6 553	(12 520)
PROFIT (LOSS) BEFORE TAX (+/-)	64 185	5 049
Income tax	8 846	4 044
Current tax	11 115	7 184
Deferred tax (+/-)	(2 269)	(3 140)
PROFIT (LOSS) AFTER TAX (+/-)	55 339	1 005
PROFIT (LOSS) FOR THE ACCOUNTING PERIOD (+/-)	55 339	1 005
NET TURNOVER FOR THE ACCOUNTING PERIOD	262 879	240 442

Cash Flow Statement

in Czech crown thousand

Particulars	Current period	Prior period
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	152 629	136 338
NET OPERATING CASH FLOW		
Accounting profit (loss) from ordinary activities	64 185	5 049
Non-cash transactions	(3 252)	9 872
Depreciation and amortization of fixed assets	4 950	6 272
Change in	(7 813)	3 698
provisions and other adjustments	(7 813)	3 698
Profit(-) Loss(+) on sale of fixed assets	(197)	(98)
Expense and revenue interests accounted for	(192)	–
Net operating cash flow before taxation financial items, changes in working capital and extraordinary items	60 933	14 921
Changes in working capital	24 503	25 387
Change in receivables from operating activities, estimated receivables and deferrals	27 398	34 902
Change in short-term liabilities from operating activities, estimated payables and accruals	(2 895)	(9 515)
Net operating cash flow before taxation,financial balances, and extraordinary items	85 436	40 308
Income tax paid on ordinary income and income tax relating to prior periods	(1 504)	(18 990)
Net operating cash flow	83 932	21 318
INVESTING ACTIVITIES		
Acquisition of fixed assets	(57 721)	(5 455)
Acquisition of tangible fixed assets	(3 502)	(5 455)
Acquisition of long-term investments	(54 219)	–
Proceeds from sales of fixed assets	299	428
Proceeds from sales of tangible and intangible fixed assets	299	428
Net cash flow from investing activities	(57 422)	(5 027)
FINANCING ACTIVITIES		
Change in long-term resp.short-term liabilities from financing	(241)	–
Net cash flow from financing activities	(241)	–
NET INCREASE OR DECREASE IN CASH BALANCE	26 269	16 291
CASH AND CASH EQUIVALENTS, END OF PERIOD	178 898	152 629

Statement of Changes in Equity

in Czech crown thousand

Particulars	Registered capital	Reserve fund	Retained earnings and profit / (loss) for the current period	Total
As at 1.4.2016	18 750	1 875	151 809	172 434
Profit (loss) for the current period	–	–	55 339	55 339
As at 31.3.2017	18 750	1 875	207 148	227 773

in Czech crown thousand

Particulars	Registered capital	Reserve fund	Retained earnings and profit / (loss) for the current period	Total
As at 1.4.2015	18 750	1 875	150 804	171 429
Profit (loss) for the current period	–	–	1 005	1 005
As at 31.3.2016	18 750	1 875	151 809	172 434

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

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 incorporated into commercial registry held by court in Brno under No 45386, dept. C. The principal activities are production, trade and services not specified in Annexes 1 to 3 of the Trade Act and the activity of accounting consulting, bookkeeping, tax records .

Accounting period

1. 4. 2016 – 31. 3. 2017

Ownership structure

The only member of the Company as at 31 March 2017 is:

INFOSYS BPO LIMITED

560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6, India

Registered office

Infosys (Czech Republic) Limited s.r.o Holandská 872/9

PSČ 639 00 Štýřice, Brno, Czech Republic

Identification number

269 18 757

Statutory representative

The only statutory representative as at 31 March 2017 is: Nishit Ajitkumar Shah

Line of action

The statutory representative acts on behalf of the Company on his own.

Supervisory board as at 31 March 2017

Anantha Radhakrishnan
Chairman

Anup Kapoor

Kapil Jain

The consolidated financial statement of the wide-ranging group of accounting entities, to which the Company belongs to, is prepared by Infosys Limited, registered office Electronics City, Hosur Road, Bengaluru, 560100 India. This consolidated financial statement is available at the registered office of the consolidated company.

The consolidated financial statement of the limited group of accounting entities, to which the Company belongs to, is prepared by Infosys BPO Limited registered office Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India. This consolidated financial statement is available at the registered office of the consolidated company.

Changes in the Commercial Register

In period from 1 April 2016 to 31 March 2017 following changes has been recorded:

Mediation of services

Recorded February, 2004

Deleted May 24, 2016

Activity of entrepreneurial, financial, organizational and economic consultants

Recorded February 4, 2004
Deleted May 24, 2016

Data processing, database services, network administration

Recorded February 4, 2004
Deleted May 24, 2016

Provision of software and consultancy in hardware and software

Recorded February 4, 2004
Deleted May 24, 2016

Research and development in natural and technical sciences or social sciences

Recorded February 4, 2004
Deleted May 24, 2016

Services in the field of administrative and organizational nature of the natural and legal persons

Recorded February 4, 2004
Deleted May 24, 2016

Translation and interpreting activities

Recorded September 26, 2005
Deleted May 24, 2016

Accounting consultancy, bookkeeping, tax records

Written November 21, 2007
Deleted May 24, 2016

Production, trade and services not specified in Annexes 1 to 3 of the Trade Act

Recorded May 24, 2016

Accounting consulting, bookkeeping, tax records recorded May 24, 2016

Statutory Representative:

Deepak Bhalla

Date of appointment: 16 December 2014

Day termination functions: July 19, 2016

Statutory Representative:

Nishit Ajitkumar Shah

Date of appointment: 19 July 2016
Recorded September 26, 2016

Course of action:

The course of action: The statutory body is one or more executives. If the Company has only one executive, the executive acts on behalf of separate. If more directors, is authorized to act on behalf of each of them individually.

Recorded February 4, 2004
Deleted May 24, 2016

Statutory representative acts for the Company alone.

Recorded May 24, 2016

Member of the Supervisory Board:

Anantha Radhakrishnan
Date of appointment: June 8, 2012
Recorded October 20, 2015

Deleted September 26, 2016

Chairman of the Supervisory Board:

Anantha Radhakrishnan
Date of appointment: 19 July 2016
Member of: June 8, 2012
Recorded September 26, 2016

Member of the Supervisory Board:

Rajesh Krishnamurthy
Member of: May 14, 2013
The day of termination of membership: 19 July 2016
Recorded October 20, 2015
Deleted September 26, 2016

Chairman of the Supervisory Board:

Anup Uppadhayay
Date of appointment: 18 December 2014
Day termination functions: July 19, 2016
Member of: December 16, 2014
The day of termination of membership: 19 July 2016
Written February 5, 2015
Deleted September 26, 2016

Member of the Supervisory Board:

Anup Kapoor
Member of: July 19, 2016
Recorded September 26, 2016

Member of the Supervisory Board:

Kapil Jain
Member of: July 19, 2016
Recorded September 26, 2016
Number of members: 3
Recorded May 24, 2016

Organizational structure

The Company is run by its statutory representative.

2 Significant accounting policies applied by the Company

This financial statement was prepared based on act No 563/1991 Sb., Accounting act (further as Accounting act) and Ministry of Finance decree of No 500/2002 Sb., which implements some of the provisions of the Accounting act, as amended, for entities that are entrepreneurs in the double-entry accounting system (further as Decree). Comparable data from 2015-16 are stated based on a structure of Balance Sheet and profit and loss statement valid for period 2016.

The financial statement is prepared under going concern principle.

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.

Long-term investments

Long-term investments are stated at cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As at the Balance Sheet date, investments are recognized at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

Creation of adjustments and provisions

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers.

In the Income Statement, the recognition and release of adjustments is presented in 'Adjustments to receivables'.

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.

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 (Euro, US Dollar), the internal exchange rate of Citi Bank a.s., Deutsche Bank is used. During the year, exchange gains and losses are only recognized when realized 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. Unrealized foreign exchange gains and losses are recognized in the Income Statement.

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).

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 utilized.

A deferred tax asset is recognized only if it is probable that it will be utilized in future accounting periods.

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.

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.

Other operating revenues (received subsidy claim) are recognized in the period when the competent authority approves the payment.

3 Changes in accounting policies and procedures

In the accounting period 2016 / 17 there were no changes in accounting policies and procedures.

4 Tangible fixed assets

in Czech crown thousand

Particulars	Buildings	Machinery and equipment	Tangible assets / financial investments	Total
Acquisition cost				
As at 1. 4. 2016	9 650	52 470	–	62 120
Additions	177	3 325	54 219	57 721
Disposals	(60)	(2 394)	–	(2 454)
Transfers	–	–	–	–
As at 31. 3. 2017	9 767	53 401	54 219	117 387
Accumulated depreciation				
As at 1. 4. 2016	9 274	41 873	–	51 147
Depreciation expense	187	4 763	–	4 950
Disposals	(60)	(2 292)	–	(2 352)
As at 31. 3. 2017	9 401	44 344	–	53 745
Net book value 1. 4. 2016	376	10 597	–	10 973
Net book value 31. 3. 2017	366	9 057	54 219	63 642

The major additions to fixed assets in the accounting period were purchase of IT equipment in TCZK 1 692 and personal computers in TCZK 1 746.

The financial assets represent 9,1 % of shares in the Company Unsilo A/S, registered office Inge Lehmannsgade 10, 8000 Aarhus C, Denmark. Company Unsilo A/S is a start-up that deals with text analysis by artificial intelligence. According to the audited financial statements, company Unsilo A/S reported equity as at 31 December 2016 of TCZK 8 090 (value of equity share TCZK 736), and in 2016 an accounting loss of TCZK 7 613 (value of the share on loss TCZK 693).

The Management of the Company did not identify impairment for its financial investments. The Company has no pledged assets.

in Czech crown thousand

Particulars	Buildings	Machinery and equipment	Tangible assets / financial investments	Total
Acquisition cost				
As 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)	–
As at 31. 3. 2016	9 650	52 470	–	62 120
Accumulated depreciation				
As at 1. 4. 2015	8 993	37 452	–	46 445
Depreciation expense	281	5 991	–	6 272
Disposals	–	(1 570)	–	(1 570)
As 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

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 19 709 (2015 / 2016 – TCZK 23 305).

6 Non-capitalized 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:

in Czech crown thousand

Particulars	As at 31. 3. 2017	As at 31. 3. 2016
Tangible fixed assets	0	14

7 Trade receivables and payables

- Short-term trade receivables total TCZK 23 215 (31. 3. 2016 – TCZK 48 572), of which TCZK 6 133 (31. 3. 2016 – TCZK 21 214) is overdue. An adjustment of TCZK 67 (31. 3. 2016 – TCZK 312) was set up at 31. 3. 2017 for doubtful receivables.
- Short-term trade payables total TCZK 2 667 (31. 3. 2016 – TCZK 692), of which TCZK 2 549 (31. 3. 2016 – TCZK 518) is overdue.

8 Advances paid

Short-term advances paid consists of advances paid for the residential and non-residential premises in total amount TCZK 173 (31. 3. 2016 – TCZK 677).

Long-term advances paid consists of advances paid for the non-residential premises in total amount TCZK 4 606 (31. 3. 2016 – TCZK 4 414).

9 Adjustments

in Czech crown thousand

Particulars	Adjustment to receivables	Total
As at 1. 4. 2016	312	312
Change	(245)	(245)
As at 31. 3. 2017	67	67

10 Changes in equity

As at the Balance Sheet day, the Company has not made any decision related to the distribution of profit 2016 / 2017. The Management expects that the profit for the current period will be transferred to retained earnings.

11 Provisions

in Czech crown thousand

Particulars	Provision for untaken holiday	Provision for warranties	Provision for income tax	Provision for other risks	Total
As at 1. 4. 2016	3 707	4 010	0	3 609	11 326
Change	(1 531)	(4 010)	3 667	(1 893)	(3 767)
As at 31. 3. 2017	2 176	–	3 667	1 716	7 559

Income tax provision of TCZK 11 051 (31. 3. 2016 – TCZK 2 045) is decreased by paid advanced payment of TCZK 7 384 (31. 3. 2016 – TCZK 7 922) and final tax liability is presented in row Income Tax Provision TCZK 3 667 (31. 3. 2016 – TCZK 5 877 presented in row Tax receivables).

12 Segment information

Revenues from the provision of own services in the accounting period were as follows:

in Czech crown thousand

Particulars	Period from 1. 4. 2016 to 31. 3. 2017				Period from 1. 4. 2015 to 31. 3. 2016			
	Domestic sales	Europe + USA	India	Total	Domestic sales	Europe + USA	India	Total
Advisory services, hardware and software tutorials	2 833	112 566	112 852	228 251	3 621	161 366	64 567	229 554
Total	2 833	112 566	112 852	228 251	3 621	161 366	64 567	229 554

In addition, the Company had other operating revenues totalling TCZK 22 087 (2015 / 2016 – TCZK 3 022), which comprises mainly revenues from grants for business activities.

13 Related parties

Trade receivables and payables

in Czech crown thousand

Particulars	Receivables as at 31. 3. 2017	Receivables as at 31. 3. 2016	Payables as at 31. 3. 2017	Payables as at 31. 3. 2016
Infosys Poland Sp.z.o.o	244	288	–	–
Infosys BPO Ltd.	–	218	–	–
Infosys Limited	9 762	6 744	–	–
Total	10 006	7 250	–	–

Trade receivables and payables – group undertakings

Receivables – group undertakings

in Czech crown thousand

Particulars	Receivables at 31. 3. 2017	Interest revenue in 2016 / 2017	Receivables at 31. 3. 2016	Interest revenue in 2015 / 2016
Loan including interest – Infosys McCamish Systems LLC	–	–	–	15

Sales and purchases

in Czech crown thousand

Period from 1. 4. 2016 to 31. 3. 2017	Sales for the period	Purchases for the period
Infosys Poland Sp. z o.o.	3 766	–
Infosys BPO Ltd.	114	–
Infosys Limited	112 738	590
Total	116 618	590

in Czech crown thousand

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland Sp.z.o.o	3 605	–
Infosys BPO Ltd.	2 614	–
Infosys Limited	61 953	746
Total	68 172	746

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 2016 / 2017 and 2015 / 2016.

14 Services

The total cost of services is TCZK 44 223 (2015 / 16 – TCZK 47 525), which mainly represent rental costs in the amount of TCZK 20 697 (2015 / 16 – TCZK 24 286).

15 Employees and executives

Average number of employees and executives and personnel expenses for the accounting period are as follows:

in Czech crown thousand

Period from 1. 4. 2016 to 31. 3. 2017	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	318	105 393	36 048	2 654
Executives	1	2 385	537	9
Total	319	107 778	36 585	2 663

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

16 Estimated payables

Estimated payables amounting to TCZK 27 083 (31. 3. 2016 – TCZK 31 516), which represents un- invoiced services amounting to TCZK 25 696 (31. 3. 2016 – TCZK 29 651) and bonuses amounting to TCZK 1 387 (31. 3. 2016 – TCZK 1 865). The main part of un-invoiced services consists of lease accrual for the rent of non-residential premises amounting to TCZK 18 156 (31. 3. 2016 – TCZK 18 922

17 Other financial expenses and revenues

Other financial expenses amounting to TCZK 5 689 (2015 / 2016 – TCZK 19 958) and other financial revenues amounting to TCZK 12 050 (2015 / 2016 – TCZK 7 438) consist chiefly of realized and un- realized foreign exchange gains and losses.

18 Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 3 760 (31. 3. 2016 – TCZK 3 044) of which TCZK 2 952 (31. 3. 2016 – TCZK 2 238) relates to estimate for social security liabilities and TCZK 808 (31. 3. 2016 – TCZK 806) is estimate for health insurance liabilities. None of these liabilities are overdue.

19 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.

20 Income tax

Current tax

Current income tax comprises the tax estimate for period 2016 / 2017 of TCZK 11 051 (2015 / 2016 – TCZK 2 045) and an adjustment to the tax estimate for 2015 / 2016 of TCZK 64 (2014 / 2015 – TCZK 5 139).

Deferred tax

in Czech crown thousand

Particulars	Assets		Liabilities		Difference	
	2016 / 2017	2015 / 2016	2016 / 2017	2015 / 2016	2016 / 2017	2015 / 2016
Fixed assets	1 207	929	–	–	1 207	929
Adjustment to receivables	0	59	–	–	0	59
Provisions	752	2 152	–	–	752	2 152
Estimated payables	3 450	–	–	–	3 450	–
Deferred tax asset / liability	5 409	3 140	–	–	5 409	3 140

In accordance with the accounting policy described in note 2 (f), a tax rate of 19% was used to calculate deferred tax as at 31. 3. 2017.

21 Contingencies and commitments

The Company has no contingencies or commitments.

22 Cash Flow Statement

For the purposes of Cash Flow Statement are cash and cash equivalents definied as petty cash, cash-in-transit, cash-on-bank account and other financial assets, that valiation shall be reliably determined and that are easily converted into cash. The balance of cash and cash equivalents as per Balance Sheet date as follows:

Particulars	As of 31.03.	
	2017	2016
Short-term financial assets total	178 898	152 629
Cash and cash equivalents	178 898	152 629

Cash flow from operating, investments and financial functions are mentioned in the Cash Flow Statement not compensated.

23 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 2017.

Signature of the authorized representative:

Nishit Ajitkumar Shah
Statutory Representative

Date: 9 May 2017

Report on the relations for the accounting period 1st April 2016 – 31st March 2017

The Executive Director of the Company has drawn up following Report on the Relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person in the sense of Section 82 of Act No. 90/2012 Coll., the Act on Business Corporations, for the period 1st April 2016 – 31st March 2017 (hereinafter referred to as the 'Decisive Period'). Upon description of the relations, the obligation to keep the trade secrets of the Company has been complied with.

Structure of the relations

According to the information available to the Executive Director of the Company acting with due managerial care, during the Decisive Period the Company was a member of the Infosys BPO group, in which the controlling person was Infosys BPO Limited (hereinafter referred to as the 'Infosys BPO Group'). Infosys BPO Limited is a majority-owned and controlled subsidiary of Infosys Limited. The information about the persons belonging to the Infosys BPO Group are stated as at 31st March 2017 and are based on the information available to the Executive Director of the Company acting with due managerial care. The structure of the relationships in the Infosys BPO Group is shown in the overview which forms Annex No. 1.

Controlling person:	Infosys BPO Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India
Controlled person:	Infosys (Czech Republic) Limited s.r.o, Brno, Holandská 872/9, Post Code 639 00, ID No. 269 18 757, Czech Republic

Infosys BPO Limited is the founder and sole shareholder of the Company.

Role of the Company in the Infosys BPO Group

The Company is a majority-owned and controlled subsidiary of Infosys BPO Limited. Like other companies within the Infosys BPO Group, the Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improves their competitive position by managing their business processes in addition to providing increased value. The Company is a leading provider of business process management services to organizations that outsource their business processes.

The Company provides services to these organizations (customers) mostly directly, partially also as subcontractor of Infosys Poland Sp.z.o.o. or as subcontractor of Infosys Limited or as subcontractor of Infosys BPO Limited. In the latter cases, Infosys Poland Sp.z.o.o. or Infosys Limited or Infosys BPO Limited acts as the prime contractor to the customer and assumes all major risks in relation to the contract with the customer.

Manner and means of control of the Company

The Company is controlled in particular via decisions of its sole shareholder (i.e. Infosys BPO Limited) in the capacity of the general meeting of the Company. Infosys BPO Limited is 100% shareholder of the Company.

Overview of actions made by the controlled person in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person

The Company purchased a 9,1 % share in Unsilo A/S in purchase price of 54 219 ths. (in Czech crown thousand)

Apart from those stated above, the Company made no actions in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person which related to property exceeding 10 percent of the equity of the Company asserted in accordance with the last financial statements in the Decisive period.

Overview of mutual contracts between controlled and controlling persons and between the controlled person and the persons controlled by the same controlling person

Contracts between the controlled and the controlling person:

During entire Decisive Period, the subcontracting agreements between the Company (as vendor, respectively supplier) and Infosys BPO Limited (as customer) and Infosys Limited (as customer) were in effect.

in Czech crown thousand

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPO Limited	114	0
Infosys Limited	112 738	590

Contracts between the controlled person and the persons controlled by the same controlling person:

During entire Decisive Period, the subcontracting agreement between the Company (as vendor, respectively supplier) and Infosys Poland Sp. z o.o. (as customer) was in effect.

in Czech crown thousand

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp. z o.o.	3 766	0

Assessment of detriment and assessment of its settlement

On the ground of the contracts concluded between the Company and controlling person and between the Company and the persons controlled by the same controlling person and on the ground of actions made by Company in the interest or at the initiative of the controlling person or persons controlled by the controlling person no detriment arose to the Company.

Assessment of advantages, disadvantages and risks ensuing from the relations between the controlled person and the controlling person and between the controlled person and other persons controlled by the same controlling person

Participation in the Infosys BPO Group is advantageous for the Company as Infosys and Infosys BPO are global groups with strong brands and reputation among potential customers and employees which the Company utilizes in negotiation with customers and potential customers and in attracting qualified and motivated employees.

There are no disadvantages related to the Company's membership in the Infosys BPO Group.

No risks ensue from the Company's membership in the Infosys BPO Group.

Nishit Ajitkumar Shah
Statutory representative
Infosys (Czech Republic) Limited s.r.o

On 9th May 2017

Annex No. 1 to the Report on the Relations (1st April 2016 - 31st March 2017)

List of related parties:

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of Holding Company	Country
Infosys BPO Limited (Infosys BPO)	India

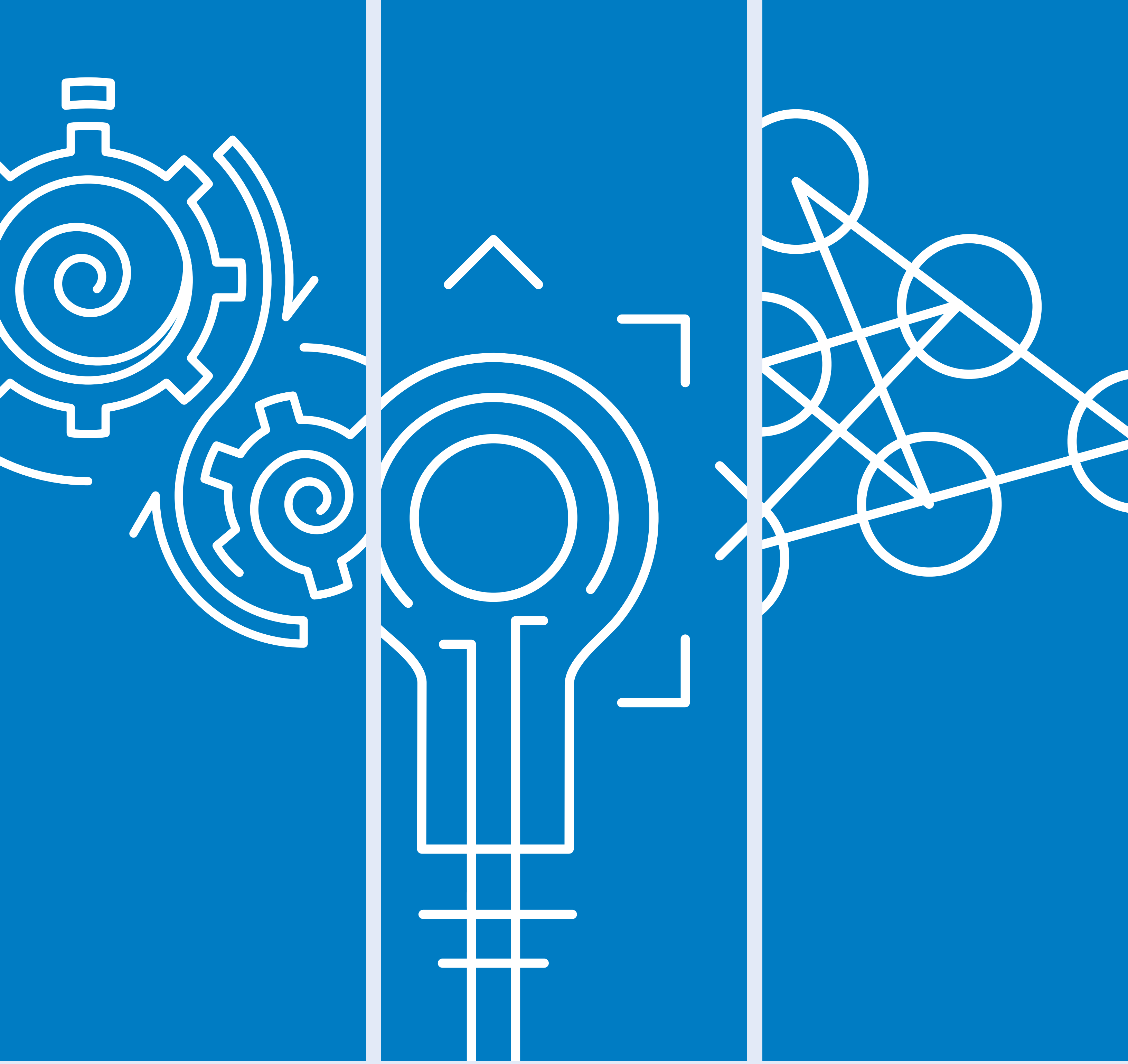
Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys McCamish Systems LLC (1)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
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
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
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 (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Infosys Consulting (Belgium) NV *(formerly 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)* (21)	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
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* (3)	The 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 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.

Name of fellow subsidiaries	Country
Panaya Ltd. [11]	Israel
Panaya Gmbh [11]	Germany
Panaya Pty Ltd. [11][19]	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 Consultanting 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 Novemeber 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
[18] Liquidated effective October 5, 2016
[19] Liquidated effective November 16, 2016
[20] Liquidated effective December 21, 2016
[21] Wholly-owned subsidiary of Infosys

List of other related parties

Particulars	Nature of relationship	Country
Infosys BPO Limited Employees' Gratuity Fund Trust	Post-employment benefit plan of Infosys BPO	India
Infosys BPO Limited Employees' Superannuation Fund Trust	Post-employment benefit plan of Infosys BPO	India



Skava Systems Pvt. Ltd.

Independent Auditors' Report

To the Members of Skava Systems Pvt. Ltd.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Skava Systems Pvt. Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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

Auditors' Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

g. with respect to the other matters to be included in the Auditors' 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 the financial position;

   ii. The Company does 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.

   iv. The Company had provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 2.24 of the standalone Ind AS financial statements.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Bengaluru
09 May 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The Company has a regular programme of physical verification of its fixed assets by which 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 software development 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 loans, secured or unsecured, to companies, firms, limited liability partnerships or other related parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii)(a) to (c) 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 any investment through more than two layers of investment companies. Also the Company has not given loan, guarantee or provided 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, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have 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 employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(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 with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income 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	Demand notice	4,998	2012-2013	Corporate circle-2, Coimbatore
Income Tax	Demand notice	4,490	2013-2014	Corporate circle-2,Coimbatore

(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. Accordingly, 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 given to us and based on our examination of the records of the Company, the Company has paid / provided for 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. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS 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 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

Bengaluru
09 May 2017

Annexure - B to the 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 Pvt. Ltd. ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 the 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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

Bengaluru
09 May 2017

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.3	3,68,08,992	4,73,60,306	2,37,59,393
Capital work in progress		1,39,35,034	–	–
Other non-current assets	2.8	74,29,601	74,29,600	40,13,950
Income tax assets, net	2.14	39,63,163	25,98,890	26,18,290
Total non-current assets		6,21,36,790	5,73,88,796	3,03,91,633
Current assets				
Financial assets				
Investments	2.4	17,87,33,029	21,03,93,430	3,14,166
Trade receivables	2.6	11,56,31,862	–	6,31,72,977
Cash and cash equivalents	2.7	1,52,38,850	1,42,54,774	58,71,161
Other financial assets	2.5	22,58,634	18,14,118	11,99,730
Other current assets	2.8	9,63,386	5,33,858	7,74,164
Total current assets		31,28,25,761	22,69,96,180	7,13,32,198
Total assets		37,49,62,551	28,43,84,976	10,17,23,831
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.10	2,50,000	2,50,000	2,50,000
Other equity		23,15,66,119	15,31,87,869	8,95,70,544
Total equity		23,18,16,119	15,34,37,869	8,98,20,544
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.11	–	3,14,56,157	–
Deferred tax liabilities, net	2.14	–	–	1,63,064
Total non-current liabilities		–	3,14,56,157	1,63,064
Current liabilities				
Financial liabilities				
Trade payables	2.12	34,38,777	7,79,727	2,71,604
Other financial liabilities	2.11	11,60,86,965	8,29,92,954	38,32,312
Other current liabilities	2.13	2,36,20,690	1,51,85,840	76,07,907
Income tax liabilities, net	2.14	–	5,32,429	28,400
Total current liabilities		14,31,46,432	9,94,90,950	1,17,40,223
Total equity and liabilities		37,49,62,551	28,43,84,976	10,17,23,831

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

for and on behalf of the Board of Directors of
Skava Systems Pvt. Ltd.

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Bengaluru
May 09, 2017

Statement of Profit and Loss

in ₹ except equity share and per equity share data

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	2.15	56,18,84,656	44,22,16,288
Other income, net	2.16	1,28,88,708	88,53,615
Total income		57,47,73,364	45,10,69,903
Expenses			
Employee benefit expenses	2.17	39,45,50,204	31,72,36,356
Travel expenses		1,25,86,807	76,46,018
Communication expenses		33,52,080	24,78,479
Consultancy and professional charges		11,50,391	17,17,254
Depreciation expense	2.3	2,25,85,320	1,58,17,434
Other expenses	2.17	3,71,45,432	2,51,19,581
Total expenses		47,13,70,234	37,00,15,122
Profit before tax		10,34,03,130	8,10,54,781
Tax expense			
Current tax	2.14	2,21,03,298	1,62,73,429
Deferred tax	2.14	–	(1,63,064)
Profit for the year		8,12,99,832	6,49,44,416
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of the net defined benefit liability / asset		(29,21,582)	(13,27,091)
Total other comprehensive income, net of tax		(29,21,582)	(13,27,091)
Total comprehensive income for the year		7,83,78,250	6,36,17,325
Earnings per equity share			
Equity shares of par value ₹10/- each			
Basic		325	260
Diluted		325	260
Weighted average equity shares used in computing earnings per equity share			
Basic	2.20	2,50,000	2,50,000
Diluted	2.20	2,50,000	2,50,000

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 Pvt. Ltd.

Supreet Sachdev
Partner
Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Bengaluru
May 09, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Other items of other comprehensive income	
Balance as of April 1, 2015	2,50,000	8,93,02,419	2,68,125	8,98,20,544
Changes in equity for the year ended March 31, 2016				
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	(13,27,091)	(13,27,091)
Profit for the year	–	6,49,44,416	–	6,49,44,416
Balance as of March 31, 2016	2,50,000	15,42,46,835	(10,58,966)	15,34,37,869
Balance as of April 1, 2016	2,50,000	15,42,46,835	(10,58,966)	15,34,37,869
Changes in equity for the year ended March 31, 2017				
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	(29,21,582)	(29,21,582)
Profit for the year	–	8,12,99,832	–	8,12,99,832
Balance as of March 31, 2017	2,50,000	23,55,46,667	(39,80,548)	23,18,16,119

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 Pvt. Ltd.

Supreet Sachdev
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Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Bengaluru
May 09, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended March 31,	
	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT FOR THE YEAR	8,12,99,832	6,49,44,416
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	2,25,85,320	1,58,17,434
Income tax expense	2,21,03,298	1,61,10,365
Interest income	(45,327)	(45,913)
Gain on sale of investments	(1,26,39,598)	(60,67,265)
Profit / (loss) on sale of assets	(25,800)	57,573
Changes in assets and liabilities		
Trade receivables	(11,56,31,862)	6,31,72,977
Loans and other financial assets and other assets	(8,74,044)	(41,62,732)
Trade payables	26,59,050	5,08,123
Other financial liabilities, other liabilities and provisions	(57,87,497)	11,68,67,641
Cash generated from operations	(63,56,629)	26,72,02,619
Income taxes paid	(2,40,00,000)	(1,57,50,000)
NET CASH USED IN OPERATING ACTIVITIES	(3,03,56,629)	25,14,52,619
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant, and equipment, net of sales proceeds, including changes in capital work-in-progress and capital creditors	(1,30,04,623)	(3,91,02,920)
Payments to acquire financial assets		
Liquid mutual fund	(44,09,00,000)	(47,36,05,000)
Proceeds on sale of financial assets		
Liquid mutual fund	48,52,00,000	26,95,93,001
Interest on investments	45,327	45,913
NET CASH GENERATED FROM INVESTING ACTIVITIES	3,13,40,704	(24,30,69,006)
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	9,84,076	83,83,613
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,42,54,774	58,71,161
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,52,38,850	1,42,54,774

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 Pvt. Ltd.

Supreet Sachdev
Partner
Membership number : 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Bengaluru
May 09, 2017

Significant accounting policies

Company overview

Skava Systems Pvt. Ltd. ('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 Pvt. Ltd., by entering into a share purchase agreement.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.1.

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 Ind AS requires the Management to make estimates, judgments 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. 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.

1.4 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.5 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, 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(1)	5 years
Office equipment	5 years
Computer equipment(1)	3-5 years
Furniture and fixtures(1)	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(1) For these class of assets, based on internal assessment, 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.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.6 Financial instruments

1.6.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.6.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.7 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e, the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.8 Employee benefits

1.8.1 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 Gratuity scheme is unfunded. The Company recognizes the net obligation of the gratuity plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The Company recognizes the net obligation of a defined benefit plan in its

Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income.

1.8.2 Provident fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company has no further obligation under the provident fund plan beyond its monthly contributions.

1.8.3 Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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

Functional currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in the Indian Rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.10 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. 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. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.11 Earnings per equity share

Basic earnings per equity 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.

1.12 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

1.14 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.

2 Notes to the standalone financial statements for the year ending March 31, 2017

2.1 First-time adoption of Ind AS

These standalone financial statements of Skava Systems Pvt. Ltd. for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss is set out in note (*Refer to Note 2.2.1* and 2.2.2). There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101 :

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

in ₹

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant, and equipment		2,37,59,393	–	2,37,59,393	4,73,60,306	–	4,73,60,306
Other Non-current assets		40,13,950	–	40,13,950	–	–	–
Income tax assets, net		26,18,290	–	26,18,290	25,98,890	–	25,98,890
Total non-current assets		3,03,91,633	–	3,03,91,633	4,99,59,196	–	4,99,59,196
CURRENT ASSETS							
Financial assets							
Investments	A	3,08,537	5,629	3,14,166	20,72,04,844	31,88,586	21,03,93,430
Trade receivables		6,31,72,977	–	6,31,72,977	–	–	–
Cash and cash equivalents		58,71,161	–	58,71,161	1,42,54,774	–	1,42,54,774
Loans		–	–	–	17,90,158	–	17,90,158
Other financial assets		11,99,730	–	11,99,730	74,55,661	–	74,55,661
Other current assets		7,74,164	–	7,74,164	5,31,757	–	5,31,757
Total current assets		7,13,26,569	5,629	7,13,32,198	23,12,37,194	31,88,586	23,44,25,780
Total assets		10,17,18,202	5,629	10,17,23,831	28,11,96,390	31,88,586	28,43,84,976
EQUITY AND LIABILITIES							
Equity							
Equity share capital		2,50,000	–	2,50,000	2,50,000	–	2,50,000
Other equity	B	8,95,64,915	5,629	8,95,70,544	14,99,99,283	31,88,586	15,31,87,869
Total equity		8,98,14,915	5,629	8,98,20,544	15,02,49,283	31,88,586	15,34,37,869
Non-current liabilities							
Other non-current liabilities		–	–	–	–	–	–
Deferred tax liabilities, net		1,63,064	–	1,63,064	–	–	–
Total non-current liabilities		1,63,064	–	1,63,064	–	–	–

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
CURRENT LIABILITIES							
Financial liabilities							
Trade payables		2,71,604	–	2,71,604	6,39,037	–	6,39,037
Other financial liabilities		38,32,312	–	38,32,312	11,45,89,801	–	11,45,89,801
Other current liabilities		76,07,907	–	76,07,907	1,51,85,840	–	1,51,85,840
Income tax liabilities, net		28,400	–	28,400	5,32,429	–	5,32,429
Total current liabilities		1,17,40,223	–	1,17,40,223	13,09,47,107	–	13,09,47,107
Total liabilities and equity		10,17,18,202	5,629	10,17,23,831	28,11,96,390	31,88,586	28,43,84,976

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS

A. Investments

Investment in mutual funds are carried at fair value through profit or loss in compliance with Ind AS 109 as compared to being carried at cost under IGAAP.

B. Other equity

- Adjustments to retained earnings has been made in accordance with Ind AS, for the above mentioned line items.
- In addition, as per Ind AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

2.2.2 Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS

in ₹

Particulars	Note	For the year ended March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations		44,22,16,288	–	44,22,16,288
Other income, net	C	56,70,658	31,82,957	88,53,615
Total Income		44,78,86,946	31,82,957	45,10,69,903
Expenses				
Employee benefit expenses		31,85,63,447	(13,27,091)	31,72,36,356
Travel expenses		76,46,018	–	76,46,018
Communication expenses		24,78,479	–	24,78,479
Consultancy and professional charges		17,17,254	–	17,17,254
Depreciation expenses		1,58,17,434	–	1,58,17,434
Other expenses		2,51,19,581	–	2,51,19,581
Total expenses		37,13,42,213	(13,27,091)	37,00,15,122
Profit before tax		7,65,44,733	45,10,048	8,10,54,781
Tax expense				
Current tax		1,62,73,429	–	1,62,73,429
Deferred tax		(1,63,064)	–	(1,63,064)
Profit for the period		6,04,34,368	45,10,048	6,49,44,416
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of the net defined benefit liability / asset	D	–	(13,27,091)	(13,27,091)
		–	(13,27,091)	(13,27,091)
Items that will be reclassified subsequently to profit or loss				
		–	–	–
Total other comprehensive income, net of tax		–	(13,27,091)	(13,27,091)
Total comprehensive income, for the period		6,04,34,368	31,82,957	6,36,17,325

Explanations for reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS

C. Other Income

Adjustments reflect impact of change in Ind AS for investments carried at fair value through profit and loss as compared to carried at cost under IGAAP

D. Employee benefit expenses

As per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period as compared to being recognized in profit and loss under IGAAP.

2.3 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended March 31, 2017 :

in ₹

Particulars	Land-leasehold	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	70,48,095	78,33,210	1,69,96,202	2,26,72,528	2,63,53,127	8,09,03,162
Additions	–	48,312	10,63,252	96,68,530	12,53,912	1,20,34,006
Deletions / adjustments	(27,24,374)	(46,20,019)	1,04,21,780	(26,14,072)	(1,03,315)	3,60,000
Gross carrying value as of March 31, 2017	97,72,469	1,25,01,541	76,37,674	3,49,55,130	2,77,10,354	9,25,77,168
Accumulated depreciation as of April 1, 2016	27,45,595	12,23,117	88,13,595	1,30,54,747	77,05,802	3,35,42,856
Depreciation	15,30,878	20,23,119	16,16,514	1,14,56,253	59,58,556	2,25,85,320
Accumulated depreciation on deletions / adjustments	(5,01,270)	(38,01,410)	61,70,550	(14,63,468)	(44,402)	3,60,000
Accumulated depreciation as of March 31, 2017	47,77,743	70,47,646	42,59,559	2,59,74,468	1,37,08,760	5,57,68,176
Carrying value as of March 31, 2017	49,94,726	54,53,895	33,78,115	89,80,662	1,40,01,594	3,68,08,992
Carrying value as of April 1, 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 property, plant, and equipment for the year ended March 31, 2016 :

in ₹

Particulars	Land-leasehold	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of 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	48,65,111	69,15,488	79,57,706	54,75,166	1,46,18,950	3,98,32,421
Deletions / adjustments	–	–	1,20,320	4,57,181	–	5,77,501
Gross carrying value as of 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
Accumulated depreciation as of April 1, 2015	2,19,662	3,06,560	52,18,792	82,37,497	39,06,338	1,78,88,849
Depreciation	25,25,933	9,16,557	35,94,803	49,80,677	37,99,464	1,58,17,434
Accumulated depreciation on deletions / adjustments	–	–	–	1,63,427	–	1,63,427
Accumulated depreciation as of March 31, 2016	27,45,595	12,23,117	88,13,595	1,30,54,747	77,05,802	3,35,42,856
Carrying value as of March 31, 2016	43,02,500	66,10,093	81,82,607	96,17,781	1,86,47,325	4,73,60,306
Carrying value as of April 1, 2015	19,63,322	6,11,162	39,40,024	94,17,046	78,27,839	2,37,59,393

During the year ended March 31, 2017, the Management, based on internal evaluations, had changed the useful lives of all tangible assets with effect from April 1, 2016.

Accordingly, the useful lives of these assets required a change from previous estimates.

Further, the Management also decided to change the deprecation methodology from written down value method to straight-line method which resulted in an impact of an additional depreciation charge of ₹ 3,397,513.

2.4 Investments

in ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments			
Unquoted investments carried at fair value through profit or loss			
Liquid mutual fund units *(Refer to Note 2.4.1)*	17,87,33,029	21,03,93,430	3,14,166
Total current investments	17,87,33,029	21,03,93,430	3,14,166
Market value of investments	17,87,33,029	21,03,93,430	3,14,166

2.4.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual funds is as follows:

in ₹

Particulars	As at March 31,			
	2017		2016	
	Units	Amount	Units	Amount
Reliance Liquid Fund Cash Plan	28,306	7,43,09,311	2	5,040
Birla Sun Life Cash Manager - Growth - regular plan	2,66,264	10,44,23,718	3,89,089	14,12,55,614
Reliance Money Manager Fund	–	–	32,925	6,91,32,776
	2,94,570	17,87,33,029	4,22,016	21,03,93,430

2.5 Other financial assets

in ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Security deposits [1]	2,000	2,000	1,29,700
Interest accrued but not due [1]	23,655	24,061	24,146
Advances to employees [1]	22,27,519	17,88,057	10,45,884
Others [1]	5,460	–	–
Total	22,58,634	18,14,118	11,99,730
[1] Financial assets carried at amortized cost	22,58,634	18,14,118	11,99,730

2.6 Trade receivables

in ₹

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured			
Considered good[2]	11,56,31,862	–	6,31,72,977
	11,56,31,862	–	6,31,72,977
Less: Allowances for credit losses	–	–	–
	11,56,31,862	–	6,31,72,977
[2] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	11,56,31,862	–	6,31,72,977

2.7 Cash and cash equivalents

in ₹

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Balances with banks			
In current and deposit accounts[(1)]	1,51,10,876	1,37,93,645	56,25,890
Cash-on-hand	1,27,974	4,61,129	2,45,271
	1,52,38,850	1,42,54,774	58,71,161

(1) Lien marked against the deposit accounts with financial institution against corporate credit cards

2.8 Other assets

in ₹

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Capital advances	–	–	3,73,000
Rental deposits	74,29,601	74,29,600	36,40,950
	74,29,601	74,29,600	40,13,950
Current			
Others			
Prepaid expenses	3,10,906	3,38,073	3,81,406
Advances to suppliers	3,69,879	72,101	3,61,000
Withholding taxes and others	2,82,601	1,23,684	31,758
	9,63,386	5,33,858	7,74,164
Total other assets	83,92,987	79,63,458	47,88,114

2.9 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

in ₹

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets					
Cash and cash equivalents (*Refer to Note 2.7*)	1,52,38,850	–	–	1,52,38,850	1,52,38,850
Investments (*Refer to Note 2.4*)					
Liquid mutual fund units	–	–	17,87,33,029	17,87,33,029	17,87,33,029
Trade receivables (*Refer to Note 2.6*)	11,56,31,862	–	–	11,56,31,862	11,56,31,862
Other financial assets (*Refer to Note 2.5*)	22,58,634	–	–	22,58,634	22,58,634
Total	13,31,29,346	–	17,87,33,029	31,18,62,375	31,18,62,375
Liabilities					
Trade payables (*Refer to Note 2.12*)	34,38,777	–	–	34,38,777	34,38,777
Other financial liabilities (*Refer to Note 2.11*)	11,08,38,243	–	–	11,08,38,243	11,08,38,243
Total	11,42,77,020	–	–	11,42,77,020	11,42,77,020

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

in ₹

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets					
Cash and cash equivalents *(Refer to Note 2.7)*	1,42,54,774	–	–	1,42,54,774	1,42,54,774
Investments *(Refer to Note 2.4)*					
Liquid mutual fund units	–	–	21,03,93,430	21,03,93,430	21,03,93,430
Other financial assets *(Refer to Note 2.5)*	18,14,118	–	–	18,14,118	18,14,118
Total	1,60,68,892	–	21,03,93,430	22,64,62,322	22,64,62,322
Liabilities					
Trade payables *(Refer to Note 2.12)*	7,79,727	–	–	7,79,727	7,79,727
Other financial liabilities *(Refer to Note 2.11)*	11,20,87,331	–	–	11,20,87,331	11,20,87,331
Total	11,28,67,058	–	–	11,28,67,058	11,28,67,058

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

in ₹

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets					
Cash and cash equivalents *(Refer to Note 2.7)*	58,71,161	–	–	58,71,161	58,71,161
Investments *(Refer to Note 2.4)*					
Liquid mutual fund units	–	–	3,14,166	3,14,166	3,14,166
Trade receivables *(Refer to Note 2.6)*	6,31,72,977	–	–	6,31,72,977	6,31,72,977
Other financial assets *(Refer to Note 2.5)*	11,99,730	–	–	11,99,730	11,99,730
Total	7,02,43,868	–	3,14,166	7,05,58,034	7,05,58,034
Liabilities					
Trade payables *(Refer to Note 2.12)*	2,71,604	–	–	2,71,604	2,71,604
Other financial liabilities *(Refer to Note 2.11)*	38,32,312	–	–	38,32,312	38,32,312
Total	41,03,916	–	–	41,03,916	41,03,916

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

in ₹

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4.1)*	17,87,33,029	17,87,33,029	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

in ₹

Particulars	As of March 31, 2016	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4.1)*	21,03,93,430	21,03,93,430	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

in ₹

Particulars	As of April 1, 2015	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4.1)*	3,14,166	3,14,166	–	–

The fair value of liquid mutual funds is based on quoted price.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹115,635,862 and Nil as of March 31, 2017 and March 31, 2016, respectively. Trade receivables are derived from revenue earned from companies within the group and no credit risk is perceived.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by credit rating agencies. Investments primarily are investment in liquid mutual fund units.

Market risk

A major portion of the business is transacted in U.S. Dollars and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States.

The following table analyzes foreign currency risk from financial instruments:

in ₹

Particulars	As at March 31,			
	2017		2016	
	US $	Total	US $	Total
Accounts receivable	11,531,862	11,531,862	–	–
Bonus to employees	(6,99,06,025)	(6,99,06,025)	(6,71,14,122)	(6,71,14,122)

Liquidity risk

As of March 31, 2017, the Company had a working capital of ₹169,679,329 including cash and cash equivalents of ₹15,238,850 and current investments of ₹1,787,33,029. As of March 31, 2016, the Company had a working capital of ₹127,505,230 including cash and cash equivalents of ₹14,254,774 and current investments of ₹210,393,430.

As of March 31, 2017 and March 31, 2016, the outstanding compensated absences were ₹5,248,722 and ₹2,361,780, respectively.

The following table provides details regarding the contractual maturities of financial liabilities as of March 31, 2017 :

in ₹

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Bonus to employees	6,99,06,025	–	–	–	6,99,06,025

The following table provides details regarding the contractual maturities of financial liabilities as of March 31, 2016 :

in ₹

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Bonus to employees	6,71,14,122	3,14,56,157	–	–	9,85,70,279

2.10 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Authorized			
Equity shares, ₹10/- par value			
50,000 (50,000) equity shares	5,00,000	5,00,000	5,00,000
Issued, subscribed and paid-up			
Equity shares, ₹10/- par value	2,50,000	2,50,000	2,50,000
25,000 (25,000) equity shares fully paid-up			
	2,50,000	2,50,000	2,50,000

The details of shareholder holding more than 5% shares as follows :

in ₹, except as otherwise stated

Name of the shareholder	As at March 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited	25,000	100	25,000	100

2.11 Other financial liablities

in ₹

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Others			
Bonus to employees	–	3,14,56,157	–
	–	3,14,56,157	–
Current			
Others			
Accrued compensation to employees(1)	2,46,07,558	61,35,707	30,78,236
Bonus to employees	6,99,06,025	6,71,14,122	–
Accrued expenses(1)	33,42,651	20,61,844	4,27,775
Capital creditors(1)	1,29,38,619	–	–
Compensated absences	52,48,722	23,61,780	–
Other payables(1)	43,390	53,19,501	3,26,301
	11,60,86,965	8,29,92,954	38,32,312
Total financial liabilities	11,60,86,965	11,44,49,111	38,32,312
(1) Financial liability carried at amortized cost	11,08,38,243	11,20,87,331	38,32,312

2.12 Trade payables

in ₹

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables [1]	34,38,777	7,79,727	2,71,604
	34,38,777	7,79,727	2,71,604
[1] Includes dues to related parties *(Refer to Note 2.22)*	29,23,321	–	–

As at March 31, 2017 and March 31, 2016, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

2.13 Other liabilities

in ₹

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Others			
Accrued gratuity	1,40,33,758	90,72,540	58,19,342
Withholding taxes and others	95,86,932	61,13,300	17,88,565
	2,36,20,690	1,51,85,840	76,07,907

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Current taxes	2,21,03,298	1,62,73,429
Deferred taxes	-	(1,63,064)
Income tax expense	2,21,03,298	1,61,10,365

The Company is under MAT for the year ending March 31, 2017 and March 31, 2016.

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals amounting to ₹645,404 and ₹9,000, respectively pertaining to previous periods.

Entire deferred income tax for the year ended March 31, 2016 relates to origination and reversal of temporary differences.

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

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Profit before income taxes	10,34,03,130	8,10,54,781
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	3,57,85,755	2,80,51,439
Tax effect due to non-taxable income for Indian tax purposes	–	(1,63,064)
Tax reversals	(6,45,404)	(9,000)
Effect of differential tax rates on account of MAT	(1,41,40,559)	(1,13,55,338)
Effect of non-deductible expenses	–	11,47,167
Others	11,03,506	(15,60,839)
Income tax expense	2,21,03,298	1,61,10,365

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Re-investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

The following table provides the details of income tax assets and income tax liabilities.

in ₹

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Income tax assets	39,63,163	25,98,890	26,18,290
Current income tax liabilities	–	5,32,429	28,400
Net current income tax assets / (liability) at the end	39,63,163	20,66,461	25,89,890

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	As at	
	March 31, 2017	March 31, 2016
Net current income tax asset / (liability) at the beginning	20,66,461	25,89,890
Income tax paid	2,40,00,000	1,57,50,000
Current income tax expense	(2,21,03,298)	(1,62,73,429)
Net current income tax asset / (liability) at the end	39,63,163	20,66,461

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred income tax assets	–	–	–
Total deferred income tax assets	–	–	–
Deferred income tax liabilities			
Property, plant, and equipment	–	–	1,63,064
Total deferred income tax liabilities	–	–	1,63,064

The gross movement in the deferred income tax account is as follows:

in ₹

Particulars	As at	
	March 31, 2016	April 1, 2015
Net deferred income tax asset at the beginning	(1,63,064)	–
Credits / (charge) relating to temporary differences	1,63,064	(1,63,064)
Net deferred income tax asset at the end	–	(1,63,064)

The charge relating to temporary differences during the year ended March 31, 2016 are primarily on account of property plant and equipment.

2.15 Revenue from operations

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Income from Software development services	56,18,84,656	44,22,16,288
	56,18,84,656	44,22,16,288

2.16 Other income

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Interest received on deposit with bank	45,327	45,913
Gain / (loss) on investments carried at fair value through profit or loss	1,26,39,598	60,67,265
Exchange gains / (losses) on translation of other assets and liabilities	1,73,513	27,40,437
Miscellaneous income, net	30,270	–
	1,28,88,708	88,53,615

2.17 Expenses

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	37,46,82,479	30,13,71,433
Contribution to provident fund and other funds	1,13,54,965	95,03,122
Staff welfare	85,12,760	63,61,801
	39,45,50,204	31,72,36,356

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Other expenses		
Power and fuel	67,18,582	53,62,579
Brand and marketing	–	1,51,925
Operating lease payments *(Refer to Note 2.18)*	2,19,17,326	1,33,96,119
Rates and taxes	29,086	7,034
Repairs and maintenance	35,48,968	46,61,472
Consumables	22,67,209	–
Insurance	6,06,009	3,20,093
Auditors' remuneration		
Statutory audit fees	9,62,529	7,88,867
Donation for CSR	9,30,000	–
Others	1,65,723	4,31,492
	3,71,45,432	2,51,19,581

Corporate social responsibility

As per Section 135 of the Companies Act,2013, a company, meeting the applicability threshhold, needs to spend atleast 2% of its average net profit for the immediatly preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are education of under privilaged children are infrastructure for psychiatric patients' rehabilitation.

A CSR committee has been formed by the Company as per the Act. The funds are spent on those activities which are specified in schedule VII of the Companies Act, 2013.

a) The gross amount required to be spent by the Company during the year is ₹9,29,965.

b) The details of the amount spent during the year on CSR activities are as follows:

in ₹

Particulars	In cash	Yet to be paid in cash	Total
Construction / aquisition of any asset	–	–	–
On purposes other than construction / aquisition of any asset	9,30,000	–	9,30,000

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year is as under:

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Lease rentals recognized during the period	2,19,17,326	1,33,96,119

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	March 31,		April 1,
	2017	March 31, 2016	2015
Not later than 1 year	1,71,82,910	1,93,72,770	1,01,45,143
Later than 1 year and not later than 5 years	2,71,54,933	4,43,37,843	1,81,81,988
Later than 5 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 relates to rented premises. Some of these lease agreements have price escalation clauses.

2.19 Employee benefits

Gratuity

The following tables set out the status of the gratuity plan and the amounts recognized in the Company's financial statements:

in ₹

Particulars	As at March 31,	
	2017	2016
Change in benefit obligations		
Benefit obligations at the beginning	90,72,540	58,19,342
Service cost	23,32,912	14,72,780
Net interest on the net defined benefit liability / asset	–	4,53,327
Re-measurements - Actuarial (gains) / losses	29,21,582	13,27,091
Benefits paid	(2,93,276)	–
Benefit obligations at the end	1,40,33,758	90,72,540

Amount recognized in the Statement of Profit and Loss under employee benefit expenses.

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Service cost	23,32,912	14,72,780
Net interest on the net defined benefit liability / asset	–	4,53,327
Net gratuity cost	23,32,912	19,26,107

Amount recognized in statement of other comprehensive income :

in ₹

Particulars	For the year ended March 31,	
	2017	2016
Re-measurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	29,21,582	13,27,091
	29,21,582	13,27,091

in ₹

Particulars	For the year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	17,56,532	(13,212)
	17,56,532	(13,212)

The weighted-average assumptions used to determine benefit obligations are as follows :

Particulars	As at March 31,	
	2017	2016
Discount rate	6.90%	7.80%
Weighted average rate of increase in compensation levels	5.00%	5.00%

The weighted-average assumptions used to determine net periodic benefit cost are as follows :

Particulars	For the year ended March 31,	
	2017	2016
Discount rate	7.80%	7.80%
Weighted average rate of increase in compensation levels	5.00%	5.00%
Weighted average duration of defined benefit obligation	6.1 Years	6.4 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹21,64,642.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹20,17,518.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Maturity profile of defined benefit obligation :

in ₹

Within 1 year	4,91,527
1-2 year	6,16,637
2-3 year	7,86,552
3-4 year	10,47,591
4-5 year	14,21,573
5-10 years	1,08,73,946

Provident fund

The Company contributed ₹10,937,866 during the year ended March 31, 2017 (₹7,354,787 during the year ended March 31, 2016).

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.

2.20 Reconciliation of basic and diluted shares used in computing earning per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share :

in ₹

Particulars	As at March 31,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding	2,50,000	2,50,000
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	2,50,000	2,50,000

2.21 Related party transactions

Name of holding company	Country	Holding as at March 31,	
		2017	2016
Infosys Limited	India	100%	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. 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 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)(16)	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)(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 (6)(17)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(19)	Switzerland
Infosys Consulting (Belgium) NV *(formerly 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)* (20)	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.
Infy Consulting B.V. (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 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

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][18]	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 subsidiary 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 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
(17) Liquidated effective October 5, 2016
(18) Liquidated effective November 16, 2016
(19) Liquidated effective December 21, 2016
(20) Wholly-owned subsidiary of Infosys

The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

in ₹

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Trade receivables			
Kallidus Inc.	1,15,31,862	–	6,31,72,978
	1,15,31,862	–	6,31,72,978
Trade payables			
Infosys Ltd	29,23,321	–	–
Kallidus Inc.	–	53,08,526	–
	29,23,321	53,08,526	–

The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	As at March 31,	
	2017	2016
Revenue transactions		
Sale of software development services		
Kallidus Inc.	56,18,84,656	44,22,16,288

2.22 Segment-reporting

The Company is engaged in providing Software development service in a single geography. Based on the 'management approach' as defined in Ind AS 108 – Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 – Segment-reporting.

2.23 Specified bank notes (sbn) held and transacted during the period from November 8, 2016 to December 30, 2016

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

in ₹

Particulars	SBNs	Other denomination notes	Total
Closing cash-in-hand as on 08.11.2016	4,16,000	23,811	4,39,811
(+) Permitted receipts	4,000	3,62,390	3,66,390
(-) Permitted payments	–	3,47,515	3,47,515
(-) Amount deposited in banks	4,20,000	402	4,20,402
Closing cash-in-hand as on 30.12.2016	–	38,284	38,284

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

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 Pvt. Ltd.

Supreet Sachdev
Partner
Membership number: 205385

Sudha K. Varadarajan
Director

Dinesh R.
Director

A. G. S. Manikantha
Director

Bengaluru
May 09, 2017

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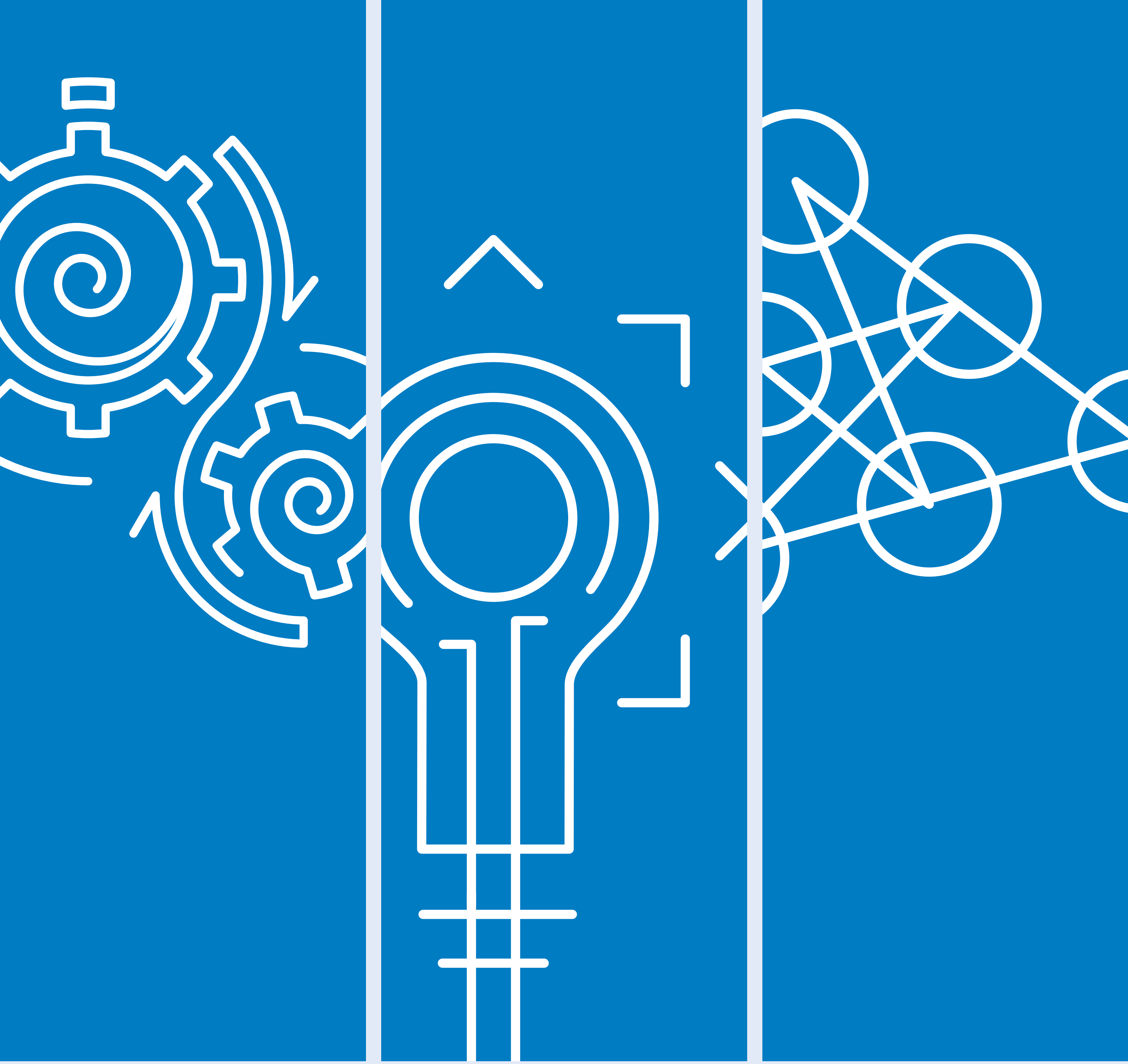

Infosys Consulting SAS

Statutory Auditors' Report on the financial statements for the year ended December 31, 2016

To the Shareholders of Infosys Consulting SAS,

In compliance with the assignment entrusted to us by your by-laws, we hereby report to you, for the year ended December 31, 2016, 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.

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, 2016, 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 are in the notes to the financial accounts as of December 31, 2016.

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

Particulars	Gross	Depreciation amortization	Net as at December 31, 2016	2015
Uncalled subscribed capital				
CAPITAL ASSETS				
Intangible assets				
Preliminary expenses				
Research and development costs				
Concessions, patents, licenses, software, rights and 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	34,496	21,908	12,588	23,269
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	34,496	21,908	12,588	23,269
CIRCULATING ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies				
Work in process inventory (goods and services)				
Intermediate and finished products				
Merchandize				
Advances and down-payments paid on orders				
Receivables				
Trade and related receivables	1,803,619	7,795	1,795,823	797,339
Other receivables	155,987	–	155,987	72,870
Called, subscribed capital, not paid up				
Miscellaneous				
Short-term investments				
Cash	215,068	–	215,068	81,312
Prepaid expenses (3)	1,698	–	1,698	–
TOTAL CIRCULATING ASSETS	2,176,372	7,795	2,168,577	951,522
Loan issue costs				
Bond redemption premiums				
Translation adjustment (assets)				
TOTAL	2,210,868	29,704	2,181,164	974,790

Balance Sheet Liabilities

Particulars	As at December 31,	
	2016	2015
OWNERS' EQUITY		
Share capital	3,080,000	80,000
Additional paid-in capital, merger premium, share premiums		
Revaluation surplus		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	(4,433,256)	(3,597,098)
PROFIT / (LOSS) FOR THE PERIOD	370,878	(836,158)
Investment grants		
Regulated provisions		
TOTAL EQUITY	(982,378)	(4,353,256)
OTHER EQUITY		
Income from issues of equity 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 financial liabilities	1,196,223	1,945,141
Advances and down-payments received on orders in process		
Trade and related payables	364,878	2,027,841
Tax and social security payables	1,341,516	1,208,068
Debts on capital assets and related payables		
Other payables	67,117	67,117
Prepaid income	188,000	
TOTAL LIABILITIES	3,157,734	5,248,168
Translation adjustment (liabilities)	5,808	79,879
TOTAL	2,181,164	974,790

Income Statement

Particulars	France	Exports	As at December 31, 2016	2015
Operating income				
Sales of goods				
Products sold (goods)				
Products sold (services)	1,203,999	4,881,885	6,085,884	5,903,925
Net revenue	1,203,999	4,881,885	6,085,884	5,903,925
Production in inventory				
Capitalized production				
Operating grants				
Reversals of provisions (and amortization) and transfers of charges				
Other income				
Total operating income			6,085,884	5,903,925
Operating expenses				
Purchase of goods				
Changes in inventory				
Purchase of raw materials and other supplies				
Changes in inventory				
Other purchases and external charges			2,791,383	2,438,180
Taxes and similar charges			175,657	54,952
Wages and salaries			1,688,693	2,923,606
Social charges			1,025,090	1,217,111
Depreciation expense and allowance for impairment				
• On non-current assets : Depreciation expense			4,094	16,832
• On non-current assets : Allowance for impairment				
• On circulating assets : Allowance for impairment			7,795	
• Contingent liabilities : Provisions				
Other charges			22	
Total operating expenses			5,692,735	6,650,681
OPERATING PROFIT / (LOSS) (I-II)			393,149	(746,757)
Share of profit / (loss) on joint operations				
Profit allocated or loss transferred (III) loss sustained or profit transferred				
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			28,242	
Net gain on disposals of securities				
Total investment income (V)			28,242	
Financial expense				
Amortization expense, allowance for impairment and provisions				
Interest and similar expenses (4)			7,466	9,679
Negative foreign exchange differences			36,410	79,722
Net loss on disposals of securities				
Total financial expenses (VI)			43,876	89,401
FINANCIAL PROFIT / (LOSS) (V-VI)			(15,634)	(89,401)
PRE-TAX EARNINGS (I-II+III-IV+V-VI)			377,515	(836,158)

Income Statement - II

Particulars	As at December 31,	
	2016	2015
Extraordinary income		
From management transactions		
From capital transactions	4,154	
Reversals of provisions and allowance for impairment and transfers of charges		
Total extraordinary income (VII)	4,154	
Extraordinary expenses		
On management transactions	519	
On capital transactions	10,272	
Amortization expense, allowance for impairment and provisions		
Total extraordinary expenses (VIII)	10,791	
EXTRAORDINARY PROFIT / (LOSS) (VII-VIII)	(6,637)	
Employee profit-sharing (IX)		
Income tax (X)		
Total income (I+III+V+VII)	6,118,280	5,903,925
Total expenses (II+IV+VI+VIII+IX+X)	5,747,402	6,740,082
PROFIT OR (LOSS)	370,878	(836,158)

Notes - Contents

Particulars	Applicable	Not applicable	Not material
Accounting policies and methods	x		
Remarkable events	x		
Capital assets	x		
Breakdown of capital assets		x	
Preliminary expenses		x	
Research and development costs		x	
Goodwill		x	
Capitalized interests		x	
Construction work-in-progress		x	
Component approach on fixed assets		x	
Estimated equity interests in the portfolio		x	
List of subsidiaries		x	
Breakdown of depreciation		x	
Capital assets impairment tests		x	
Information on inventory		x	
Schedule of receivables by due date	x		
Accruals (income)	(summarized)		
Information on the receivable arising from carry-back			
of tax losses		x	
Impairment of capital assets		x	
Allowance for inventory		x	
Allowance for doubtful accounts	x		
Impairment of securities		x	
Interest on circulating asset items			x
Capital structure	x		
Profitable shares		x	
Exchangeable convertible bonds		x	
Statement of appropriation of prior year's earnings		x	
Statement of changes in shareholder's equity		x	
Regulated provisions		x	
Provisions for contingent liabilities		x	
Schedule of liabilities by due date	x		
Debts guaranteed by security interests		x	
Accruals	(summarized)		

Particulars	Applicable	Not applicable	Not material
Liabilities with no reliable valuation		x	
Loan repayment premiums		x	
Translation adjustments on receivables and liabilities		x	
Reservation of ownership		x	
Liabilities and receivables represented by commercial paper		x	
Valuation differences on fungible items		x	
Treasury shares		x	
Regulation of companies' difficulties		x	
Prepaid expenses	(summarized)		
Deferred income	(summarized)		
Breakdown of net revenue		x	
Long-term contracts		x	
Incidental purchasing costs			x
Fees paid to the statutory auditors		x	
Items attributable to another financial year		x	
Joint operations		x	
Financial profit / (loss)		x	
Transfers of operating and financial expenses		x	
Related-parties disclosures		x	
Extraordinary items attributable to another financial year		x	
Extraordinary items		x	
Transfers of extraordinary expenses		x	
Income tax base		x	
Impact of extraordinary tax assessments		x	
Breakdown of income tax expense		x	
Impact of amendments approved between the closing date and the Balance Sheet date		x	
Increase and decrease in future tax liability - tax		x	
Tax group : identity of the tax group head company		x	
Subsequent events		x	
Information on transactions on the derivatives markets		x	
Workforce		x	
Individual training rights		x	
Advances and loans granted to corporate officers		x	
Total compensation and compensation by executive category		x	
Identity of the parent company preparing the consolidated financial	x		
Financial commitments given		x	
Other off- Balance Sheet transactions		x	
Financial commitments received		x	
Leases		x	
Post-employment benefit commitments			x
Competitiveness and employment tax credit (CICE)		x	
Environmental aspects		x	
Summary table of the last five financial years		x	

Accounting rules and methods

Company name : Infosys Consulting SAS

Notes to the Balance Sheet before allocation of earnings of the financial year ended on December 31, 2016 for a total of € 2,181,164 and notes to the Income Statement for the financial year presented in list form, showing a profit of € 370,878.

The financial year runs for 12 months from January 1, 2016 to December 31, 2016.

The following notes or tables form an integral part of the annual financial statements. These annual financial statements were approved on March 17, 2017 by the Company's directors.

General accounting rules

The annual financial statements of financial year ended on December 31, 2016, 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 simplified 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 establishing 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 with the costs arising to establish and commission the asset in accordance with its planned usage, are recognized as an expense.

Accounting rules and methods

Depreciation

Depreciation is calculated according to the linear method over the planned useful life of the asset.

Office equipment	3 years
Computer equipment	3 years

For simplification purposes, assets that could not be split into components, 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 recognized at nominal value. A provision for impairment is booked when the inventory value is lower than the nominal value.

Exceptional income and expenses

Exceptional income and expenses include items not related to the Company's usual business.

Transactions in foreign currency

Assets denominated in foreign currency and treated as fixed assets are translated at historical exchange rates, or if any hedging took place before the acquisition of the asset, at hedged exchange rates. The costs incurred by the setting up of the hedging are added to the acquisition costs.

Current liabilities, receivables and cash denominated in foreign currency are recognized in the Balance Sheet at their converted value at year-end exchange rates. The difference arising from the revaluation of liabilities and receivables at the latter rate will be recognized in the Balance Sheet as translation adjustment.

Non-compensated exchange rate losses will be covered by a risk accrual, in its completeness to follow accounting standards.

Significant events

Significant events of the financial year with accounting effect

On December 13, 2016, the Company carried out a capital increase for an amount of € 3,000,000.

Notes to the Balance Sheet

Fixed assets schedule

Particulars	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	57,891	3,684	27,079	34,496
Recoverable packaging and miscellaneous				
Property, plant and equipment under construction				
Advances and down payments				
Property, plant, and equipment	57,891	3,684	27,079	34,496
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	57,891	3,684	27,079	34,496

Fixed assets depreciation

Particulars	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	34,622	4,094	16,808	21,908
Recoverable packaging and miscellaneous				
Property, plant and equipment	34,622	4,094	16,808	21,908
CAPITAL ASSETS	34,622	4,094	16,808	21,908

Current assets

Schedule of receivables

On the closing date, receivables totaled € 1,961,304. The detailed breakdown by due date is as follows:

Particulars	Gross value	Due Less than 1 year	Due More than 1 year
Receivables related to capital assets			
Loans to subsidiaries and affiliates loans			
Others			
Receivables related to circulating assets			
Trade and accounts receivable	1,803,619	1,803,619	
Other receivables	155,987	155,987	
Prepaid expenses	1,698	1,698	
Total	1,961,304	1,961,304	
Loans granted during the period			
Loans repaid during the period			

Accrued income

Accrued income is included in the following asset positions:

Particulars	Amount
Loans to subidiaries and affiliates	
Other non-current financial assets	
Trade accounts receivable	399,236
Other receivables	862
Cash	
Total	400,098

Impairment of assets

Impairment of receivables

Impairment schedule by type:

Particulars	Amount
Accounts receivable depreciation	7,795
Sum	7,795

Owners' equity

Capital structure

Share capital amounts to € 3,080,000,00 divided into € 308,000 shares at 10/- each.

Particulars	Number	Nominal value
Securities comprising the share capital at start of period	8,000	10
Securities issued during the period	300,000	10
Securities redeemed during the period		
Securities comprising the share capital at close of period	308,000	10

List of share capital owners

Particulars	% of ownership	Number of units or shares
I. Legal entities		
Infosys Consulting Holding AG CH-8058 Zürich	100	308,000
II. Individuals		

Debts

Statement of Liabilities

On the closing date, liabilities totaled € 3,157,734. The breakdown by due date is as follows:

Particulars	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	1,196,223	1,196,223		
Trade and related payables	364,878	364,878		
Tax and social security related payables	1,341,516	1,341,516		
Debts on capital assets and related payables				
Other payables	67,117	67,117		
Deferred income	188,000	188,000		
Total	3,157,734	3,157,734		

Accrued expenses

Accrued expenses are included in the following liability positions:

Particulars	Amount
Convertible bonds	
Other bonds	
Bank borrowings and other liabilities to banks	
Other borrowings and financial liabilities	
Trade and related payables	132,860
Tax and social security payables	1,062,222
Debts on capital assets and related payables	
Other payables	67,117
Total	1,262,199

Prepaid expenses, deferred income

Other information

Prepaid expenses

Particulars	Amount
Operating expenses	1,698
Financial expenses	
Exceptional expenses	
Total	1,698

Deferred Income

Particulars	Amount
Operating expenses	188,000
Financial expenses	
Extraordinary income	
Total amount	188,000

Other information

Identity of the parent company preparing the consolidated financial statements

Company name: Infosys Consulting Holding AG

Form: AG

Headquarters:

Obstgartenstr. 27

8058 Zürich (Suisse)

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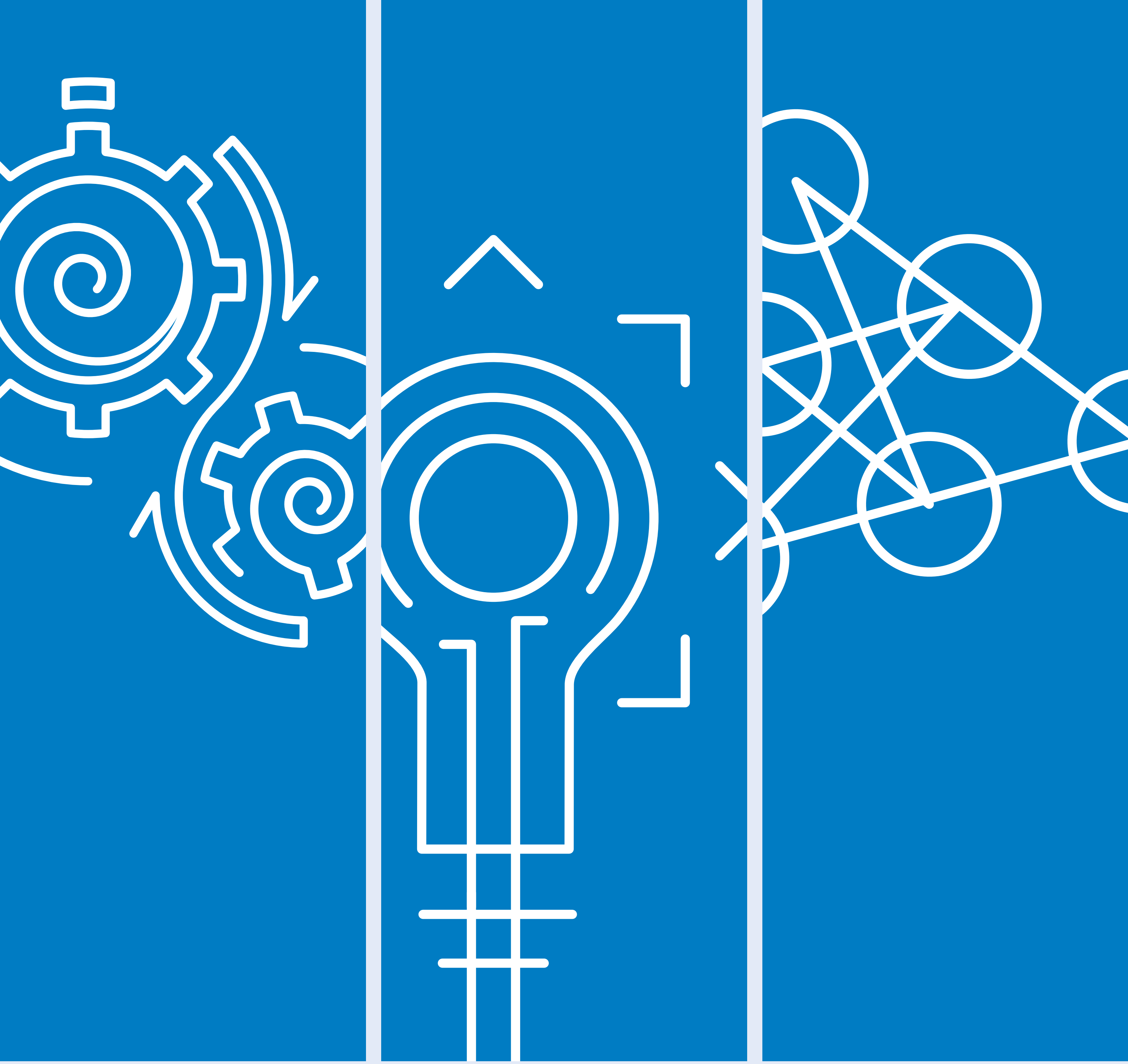


Infosys Consulting (Belgium) NV

(formerly Lodestone Management Consultants (Belgium) S.A.)

Independent Auditors' Report

To the Members of Lodestone Management Consultants (Belgium) S.A.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) ('the Company '), which comprises the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements')

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016, and its financial performance including other comprehensive income, and its cash flows and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841.

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	15,47,463	25,40,322	29,07,550
Intangible assets	2.3	–	–	–
Financial assets				
Loans	2.4	71,68,985	12,88,048	1,08,77,077
Income tax assets, net	2.15	–	1,640	1,221
Total non-current assets		87,16,448	38,30,010	1,37,85,848
Current assets				
Financial assets				
Trade receivables	2.6	5,59,10,835	6,50,13,030	10,86,08,078
Cash and cash equivalents	2.7	2,13,79,996	4,59,59,575	99,19,964
Loans	2.4	55,39,271	84,46,476	14,511
Other financial assets	2.5	–	13,14,601	37,74,851
Other current assets	2.8	14,92,55,519	10,74,38,918	6,90,89,829
Total current assets		23,20,85,621	22,81,72,600	19,14,07,233
Total assets		24,08,02,069	23,20,02,610	20,51,93,081
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.10	3,44,75,106	3,44,75,106	3,44,75,106
Other equity		(26,80,20,953)	(23,89,61,534)	(22,89,45,879)
Total equity		(23,35,45,847)	(20,44,86,428)	(19,44,70,773)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2.11	19,86,31,301	21,35,53,642	11,23,52,871
Total non-current liabilities		19,86,31,301	21,35,53,642	11,23,52,871
Current liabilities				
Financial liabilities				
Trade payables	2.13	3,19,35,848	2,44,98,599	5,21,96,355
Other financial liabilities	2.12	8,91,89,958	15,37,66,573	20,10,01,680
Other current liabilities	2.14	14,19,55,872	4,46,70,224	3,41,12,948
Income tax liabilities, net	2.15	1,26,34,937	–	–
Total current liabilities		27,57,16,615	22,29,35,396	28,73,10,983
Total equity and liabilities		24,08,02,069	23,20,02,610	20,51,93,081

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 (Belgium) NV

M. Rathnakar Kamath
Partner

Michael Jarosch
Director

Geert Crauwels
Director

Membership number : 202841
Place : Bengaluru
Date : January 10, 2017

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.16	41,80,20,143	39,35,37,748
Other income	2.17	4,51,30,817	(42,03,923)
Total income		46,31,50,960	38,93,33,825
Expenses			
Employee benefit expenses	2.18	30,28,76,933	29,22,41,424
Cost of technical sub-contractors		6,80,96,214	3,87,32,849
Travel expenses		5,26,60,110	4,72,37,868
Communication expenses		70,16,935	37,12,811
Consultancy and professional charges		3,56,00,490	1,33,37,237
Finance cost		22,58,053	13,96,403
Depreciation and amortization expense	2.2 & 2.3	13,20,595	13,10,077
Other expenses	2.18	1,16,79,224	1,39,20,725
Total expenses		48,15,08,554	41,18,89,394
Profit / (loss) before tax		(1,83,57,594)	(2,25,55,569)
Tax expense			
Current tax	2.15	1,27,01,660	–
Profit / (loss) for the period		(3,10,59,254)	(2,25,55,569)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		19,99,835	1,25,39,914
Total other comprehensive income, net of tax		19,99,835	1,25,39,914
Total comprehensive income / (loss) for the period		(2,90,59,419)	(1,00,15,655)
Loss per equity share			
Equity shares of par value € 489.32 /- each			
Basic and diluted (₹)		(31,059.25)	(22,555.57)
Weighted average equity shares used in computing loss per equity share			
Basic and diluted		1,000	1,000

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 (Belgium) NV

M. Rathnakar Kamath
Partner

Michael Jarosch
Director

Geert Crauwels
Director

Membership number : 202841
Place : Bengaluru
Date : January 10, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity: Reserve and surplus – Retained earnings	Other equity: Reserve and surplus – Other reserves	Other equity: Other comprehensive income – Exchance difference on translation	Total equity attributable to equity holders of the Company
Balance as of January 1, 2015	3,44,75,106	(32,35,82,025)	1,72,355	9,44,63,791	(19,44,70,773)
Changes in equity for the year ended December 31, 2015					
Currency translation				1,25,39,914	1,25,39,914
Profit for the period	–	(2,25,55,569)	–	–	(2,25,55,569)
Balance as of December 31, 2015	3,44,75,106	(34,61,37,594)	1,72,355	10,70,03,705	(20,44,86,428)
Changes in equity for the year ended December 31, 2016					
Currency translation	–	–	–	19,99,835	19,99,835
Profit for the period	–	(3,10,59,254)	–	–	(3,10,59,254)
Balance as of December 31, 2016	3,44,75,106	(37,71,96,848)	1,72,355	10,90,03,540	(23,35,45,847)

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 (Belgium) NV

M. Rathnakar Kamath
Partner

Michael Jarosch
Director

Geert Crauwels
Director

Membership number : 202841
Place : Bengaluru
Date : January 10, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Cash flow from operating activities		
Profit for the period	(3,10,59,254)	(2,25,55,569)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	13,20,595	13,10,077
Income tax expense	1,27,01,660	–
Allowance for credit losses on financial assets	28,061	13,915
Interest on loan from holding	22,58,053	13,96,403
Interest and dividend income	–	(1,501)
Exchange differences on translation of assets and liabilities	19,84,003	1,27,00,698
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,03,88,735	4,60,41,383
Loans and other financial assets and other assets	(4,18,16,601)	(3,83,49,089)
Trade payables	74,37,249	(2,76,97,756)
Other financial liabilities, other liabilities and provisions	3,27,09,033	(3,66,77,831)
Cash generated from / (used by) operations	(40,48,466)	(6,38,19,270)
Income taxes paid	(65,083)	(419)
Net cash generated / (used) by operating activities	(41,13,549)	(6,38,19,689)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(3,11,904)	(11,03,633)
Loans to employees	(29,73,732)	11,57,064
Interest and dividend received on investments	–	1,501
Net cash (used in) / provided by investing activities	(32,85,636)	54,932
Cash flow from financing activities		
Loan from / (repaid) parent company	(1,49,22,341)	10,12,00,771
Interest on loan from holding	(22,58,053)	(13,96,403)
Net cash (used in) / provided by financing activities	(1,71,80,394)	9,98,04,368
Net decrease in cash and cash equivalents	(2,45,79,579)	3,60,39,611
Cash and cash equivalents at the beginning of the period	4,59,59,575	99,19,964
Cash and cash equivalents at the end of the period	2,13,79,996	4,59,59,575

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 (Belgium) NV

M. Rathnakar Kamath
Partner

Michael Jarosch
Director

Geert Crauwels
Director

Membership number : 202841
Place : Bengaluru
Date : January 10, 2017

Significant accounting polics

Company overview

Lodestone Management Cosnultants (Belgium) S.A. 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101– First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, imapairment losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant andequipment intangible assets.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.8 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the-line method. The estimated useful lives of assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(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 the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company, and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset, and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 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 costs 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.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.13 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in Indian Rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date, and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities.

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.

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 over the lease term.

1.20 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they are incurred.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Consulting (Belgium) NV for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Land leasehold	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	1,29,24,252	7,02,797	57,48,044	16,65,723	2,10,40,816
Additions	–	–	3,11,904	–	3,11,904
Deletions	–	–	–	–	–
Currency translation difference	(80,653)	(4,386)	(50,676)	(10,395)	(1,46,110)
Gross carrying value as of December 31, 2016	1,28,43,599	6,98,411	60,09,272	16,55,328	2,12,06,610
Accumulated depreciation as of January 1, 2016	1,29,24,252	7,02,797	32,07,722	16,65,723	1,85,00,494
Depreciation	–	–	13,20,595	–	13,20,595
Accumulated depreciation on deletions	–	–	–	–	–
Currency translation difference	(80,653)	(4,386)	(66,508)	(10,395)	(1,61,942)
Accumulated depreciation as of December 31, 2016	1,28,43,599	6,98,411	44,61,809	16,55,328	1,96,59,147
Carrying value as of December 31, 2016	–	–	15,47,463	–	15,47,463
Carrying value as of January 1, 2016	–	–	25,40,322	–	25,40,322

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Land leasehold	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	1,37,27,200	11,93,243	85,81,824	17,69,210	2,52,71,477
Additions	–	–	11,03,633	–	11,03,633
Deletions	–	(4,28,758)	(35,31,275)	–	(39,60,033)
Currency translation difference	(8,02,948)	(61,688)	(4,06,138)	(1,03,487)	(13,74,261)
Gross carrying value as of December 31, 2015	1,29,24,252	7,02,797	57,48,044	16,65,723	2,10,40,816
Accumulated depreciation as of January 1, 2015	1,37,27,200	11,93,243	56,74,274	17,69,210	2,23,63,927
Depreciation	–	–	13,10,077	–	13,10,077
Accumulated depreciation on deletions	–	(4,28,758)	(35,31,275)	–	(39,60,033)
Currency translation difference	(8,02,948)	(61,688)	(2,45,354)	(103,487)	(12,13,477)
Accumulated depreciation as of December 31, 2015	1,29,24,252	7,02,797	32,07,722	16,65,723	1,85,00,494
Carrying value as of December 31, 2015	–	–	25,40,322	–	25,40,322
Carrying value as of January 1, 2015	–	–	29,07,550	–	29,07,550

2.3 Intangible assets

Following are the changes in the carrying value of acquired intangible assets for the year ended December 31, 2016:

in ₹ crore

Particulars	Software	Total
Gross carrying value as of January 1, 2016	26,84,297	26,84,297
Additions	–	–
Deletion	–	–
Gross carrying value as of December 31, 2016	26,84,297	26,84,297
Accumulated amortization as of January 1, 2016	26,84,297	26,84,297
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2016	26,84,297	26,84,297
Carrying value as of December 31, 2016	–	–

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

in ₹ crore

Particulars	Software	Total
Gross carrying value as of January 1, 2015	26,84,297	26,84,297
Additions	–	–
Deletion	–	–
Gross carrying value as of December 31, 2015	26,84,297	26,84,297
Accumulated amortization as of January 1, 2015	26,84,297	26,84,297
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2015	26,84,297	26,84,297
Carrying value as of December 31, 2015	–	–

2.4 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured, considered good			
Other Loans			
Loans to employees	71,68,985	12,88,048	1,08,77,077
	71,68,985	12,88,048	1,08,77,077
Current			
Unsecured, considered good			
Other Loans			
Loans to employees	55,39,271	84,46,476	14,511
	55,39,271	84,46,476	14,511
Total Loans	1,27,08,256	97,34,524	1,08,91,588

2.5 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unbilled revenues	–	13,14,601	37,74,851
	–	13,14,601	37,74,851
Financial assets carried at amortized cost	–	13,14,601	37,74,851

2.6 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[(1)]	5,59,10,835	6,50,13,030	10,86,08,078
Considered doubtful	26,035	82,458	87,581
	5,59,36,870	6,50,95,488	10,86,95,659
Less : Allowances for credit losses	26,035	82,458	87,581
	5,59,10,835	6,50,13,030	10,86,08,078
[(1)] Includes dues from subsidiaries *(Refer to Note 2.20)*	5,15,97,713	6,28,14,688	7,22,68,508

2.7 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current and deposit accounts	2,13,79,996	4,59,59,575	99,19,964
	2,13,79,996	4,59,59,575	99,19,964

2.8 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	–	–	2,24,401
Others			
Prepaid expenses	5,33,798	1,71,284	–
Withholding taxes and others	14,87,21,721	10,72,67,634	6,88,65,428
Total other assets	14,92,55,519	10,74,38,918	6,90,89,829

2.9 Financial instruments

The carrying value and fair value of financial instruments were as follows:

in ₹ crore

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.7)*	2,13,79,996	4,59,59,575	99,19,964
Trade receivables *(Refer to Note 2.6)*	5,59,10,835	6,50,13,030	10,86,08,078
Loans *(Refer to Note 2.4)*	1,27,08,256	97,34,524	1,08,91,588
Other financial assets *(Refer to Note 2.5)*	–	13,14,601	37,74,851
Total	8,99,99,087	12,20,21,730	13,31,94,481
Liabilities			
Borrowings	19,86,31,301	21,35,53,642	11,23,52,871
Trade payables *(Refer to Note 2.13)*	3,19,35,848	2,44,98,599	5,21,96,355
Other financial liabilities *(Refer to Note 2.12)*	7,84,39,290	13,83,52,767	17,83,28,253
Total	30,90,06,439	37,64,05,008	34,28,77,479

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹5,59,10,835 and ₹6,50,13,030 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to ₹13,14,601 as of December 31, 2015. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company 's historical experience for customers.

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was ₹28,061.

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Balance at the beginning	82,458	87,581
Impairment loss recognized / reversed	28,061	13,915
Amounts written off	(81,337)	–
Translation differences	(3,147)	(19,038)
Balance at the end	26,035	82,458

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its parent Company to meet its working capital requirement.

As of December 31, 2016 and December 31, 2015 the Company had cash and cash equivalents of ₹2,13,79,996 and ₹4,59,59,575, respectively.

2.10 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
1000 (1000) equity shares of € 489.32 par value	3,44,75,106	3,44,75,106	3,44,75,106
Issued, subscribed and paid-up			
1000 (1000) equity shares of € 489.32 par value	3,44,75,106	3,44,75,106	3,44,75,106
	3,44,75,106	3,44,75,106	3,44,75,106

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 are as follows :

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	999	99.90	999	99.90

2.11 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured loan from parent	19,86,31,301	21,35,53,642	11,23,52,871
	19,86,31,301	21,35,53,642	11,23,52,871
Total Borrowings	19,86,31,301	21,35,53,642	11,23,52,871

2.12 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	1,63,43,235	1,36,25,878	2,19,18,728
Accrued expenses (1)	6,20,43,116	7,13,62,620	5,94,50,294
Compensated absences	1,07,50,668	1,54,13,806	2,26,73,427
Other payables (2)	52,939	5,33,64,269	9,69,59,231
Total financial liabilities	8,91,89,958	15,37,66,573	20,10,01,680
Financial liability carried at amortized cost	7,84,39,290	13,83,52,767	17,83,28,253
(1) Includes dues to subsidiaries *(Refer to Note 2.20)*	1,04,782	–	–
(2) Includes dues to subsidiaries *(Refer to Note 2.20)*	52,939	5,33,61,500	9,64,88,286

2.13 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables (1)	3,19,35,848	2,44,98,599	5,21,96,355
	3,19,35,848	2,44,98,599	5,21,96,355
(1) Includes dues to subsidiaries *(Refer to Note 2.20)*	2,32,55,655	48,30,501	5,21,96,355

2.14 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	14,19,55,872	4,46,70,224	3,41,12,948
	14,19,55,872	4,46,70,224	3,41,12,948

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	1,27,01,660	–
Income tax expense	1,27,01,660	–

Current tax expense for the year ended December 31, 2016 includes provisions amount in to ₹ 1,23,70,474 pertaining to prior periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	(1,83,57,594)	(2,25,55,569)
Enacted tax rates in India	33.99%	33.99%
Computed expected tax expense	(62,39,745)	(76,66,638)
Tax provision	1,23,70,474	–
Effect of unrecognized deferred tax assets on loss	62,39,745	76,66,638
Others	3,31,186	–
Income tax expense	1,27,01,660	–

The applicable statutory tax rate in Belgium for year ending December 31, 2016 and December 31, 2015 is 33.99%.

The following table provides the details of income tax assets and income tax liabilities:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	1,640	1,221
Current income tax liabilities	1,26,34,937	–	–
Net current income tax assets / (liability) at the end	(1,26,34,937)	1,640	1,221

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	1,640	1,221
Income tax paid	65,083	419
Current income tax expense	(1,27,01,660)	–
Net current income tax asset / (liability) at the end	(1,26,34,937)	1,640

2.16 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	41,80,20,143	39,35,37,748
	41,80,20,143	39,35,37,748

2.17 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets – carried at amortized cost		
Deposit with bank and others	–	1,501
Exchange gains / (losses) on translation of other assets and liabilities	(16,65,746)	(46,85,059)
Miscellaneous income, net	4,67,96,563	4,79,635
	4,51,30,817	(42,03,923)

2.18 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	29,83,62,094	29,02,02,365
Staff welfare	45,14,839	2039,059
	30,28,76,933	29,22,41,424

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Brand and marketing	3,39,779	3,90,307
Operating lease payments	63,21,927	50,37,313
Rates and taxes	12,31,294	5,34,332
Repairs and maintenance	2,58,658	20,31,112
Insurance	1,21,524	1,72,878
Allowances for credit losses on financial assets	28,061	13,915
Auditors' remuneration		
Statutory audit fees	13,43,182	18,37,551
Others	20,34,799	39,03,317
	1,16,79,224	1,39,20,725

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	63,21,927	50,37,313

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	50,78,533	51,10,424	54,27,921
Later than 1 year and not later than 5 years	70,535	52,66,576	1,10,97,083
Later than 5 years	–	–	–

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

2.20 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	99.90%	99.90%	99.90%

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 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

Name of fellow subsidiaries	Country
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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*[3]	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
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.
Infy Consulting B.V. (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 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][19]	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

Name of associates	Country
DWA Nova LLC[1]	U.S.

[1] Associate of Infosys Nova Holdings LLC.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting AG	2,88,108	68,25,025	1,19,35,236
Infosys Consulting GmbH	5,87,287	63,30,195	88,69,209
Infy Consulting Company Ltd.	1,79,11,669	3,48,38,639	3,70,37,775
Lodestone Management Consultants Inc.	4,66,304	68,90,770	–
Lodestone Management Consultants B.V.	3,23,44,345	79,30,059	70,73,816
Infosys Consulting Pte Ltd	–	–	31,48,309
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	–	42,04,163
	5,15,97,713	628,14,688	7,22,68,508
Trade payables			
Infosys Consulting AG	2,17,96,355	38,59,838	1,27,33,877
Infosys Consulting GmbH	2,84,797	–	–
Lodestone Management Consultants Sp. z.o.o.	–	74,022	40,318
Infy Consulting Company Ltd.	11,68,693	7,47,293	3,94,22,160
Infosys Consulting SAS	5,810	1,13,648	–
Infosys Consulting Pte Ltd	–	35,700	–
	2,32,55,655	48,30,501	5,21,96,355
Other financial liabilities			
Infosys Consulting AG	–	2,88,44,000	5,16,98,250
Infy Consulting Company Ltd.	–	2,45,17,500	4,47,90,036
Infosys Consulting Holding AG	38,588	–	–
Infosys Limited	14,351	–	–
	52,939	5,33,61,500	9,64,88,286
Accrued expenses			
Infosys Limited	1,04,782	–	–
	1,04,782	–	–
Unsecured loan			
Infosys Consulting Holding AG*	19,86,31,301	21,35,53,642	11,23,52,871
	19,86,31,301	21,35,53,642	11,23,52,871

*The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 1% per annum each, and is repayable at the discretion of the lender.

The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in note 2.21, are as follows:

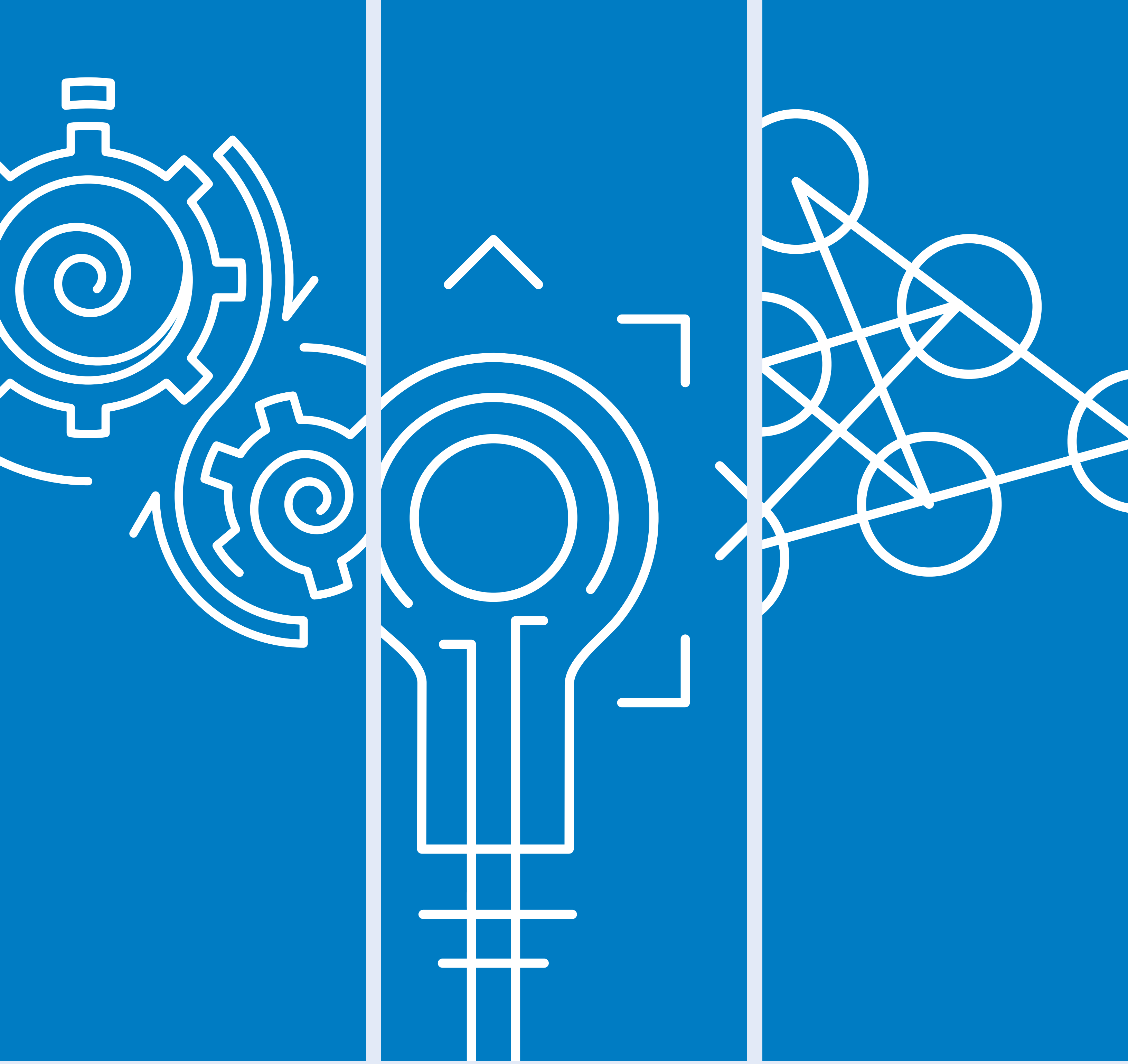
in ₹ crore

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Loans, net of repayment		
Infosys Consulting Holding AG	(1,49,22,341)	10,12,00,771
	(1,49,22,341)	10,12,00,771
Revenue transactions		
Purchase of services		
Infosys Consulting AG	–	39,00,713
Infosys Consulting GmbH	–	35,44,620
Infy Consulting Company Ltd.	3,78,82,412	1,11,95,209
Lodestone Management Consultants B.V.	2,21,43,498	–
	6,00,25,910	1,86,40,542
Purchase of shared services including facilities and personnel		
Infosys Consulting AG	2,52,58,580	–
Infy Consulting Company Ltd.	99,616	–
Infosys Consulting GmbH	2,82,691	–

Particulars	For the year ended December 31,	
	2016	2015
Lodestone Management Consultants Sp. z.o.o.	3,11,594	4,47,576
	2,59,52,481	4,47,576
Interest Expenses		
Infosys Consulting Holding AG	22,58,053	13,96,403
	22,58,053	13,96,403
Sale of services		
Infosys Consulting AG	4,48,06,503	5,31,80,873
Infosys Consulting GmbH	6,26,22,781	4,64,97,830
Infosys Consulting SAS	68,16,663	69,80,873
Infy Consulting Company Ltd.	11,34,35,574	11,66,13,812
Lodestone Management Consultants Inc.	1,64,81,691	3,04,00,798
Infosys Consulting Pte Ltd	16,51,372	3,44,39,505
Lodestone Management Consultants B.V.	14,15,04,587	8,14,58,727
Infosys consulting sp. Z.o.o	37,38,667	–
	39,10,57,838	36,95,72,418
Sale of shared services including facilities and personnel		
Lodestone Management Consultants B.V.	4,49,72,497	–
	4,49,72,497	–

2.21 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 - Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - Segment-reporting.



Infosys Technologies (Shanghai) Company Limited

English translation of financial statements for the year January 1, 2016 to December 31, 2016

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 December 31, 2016, 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 December 31, 2016, 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

China Shanghai

Miao Zhen
Date: 31 March 2017

Balance Sheet

in Renminbi Yuan

Particulars	Note	As at December 31, 2016	As at December 31, 2015
Assets			
Current assets			
Cash-at-bank and on-hand	5	24,283,407.72	93,614,956.08
Accounts receivable	6	27,569,604.40	–
Prepayments		28,359.63	453,160.58
Other receivables	7	604,963.00	627,143.00
Other current assets	8	30,334,956.31	8,525,964.78
Total current assets		82,821,291.06	103,221,224.44
Non-current assets			
Fixed assets	9	723,400,914.10	1,763,285.16
Construction in progress	10	142,111,406.98	577,584,165.71
Intangible assets	11	63,112,860.21	64,526,604.38
Long-term deferred expenses	12	86,105,771.42	659,187.56
Total non-current assets		1,014,730,952.71	644,533,242.81
Total assets		1,097,552,243.77	747,754,467.25
Liabilities and owner's equity			
Current liabilities			
Accounts payable		22,697,377.37	–
Other payables		192,718,098.13	37,295,515.92
Non-current liabilities due within one year	14	1,284,124.00	681,324.00
Other current liabilities		1,309,544.81	732,912.50
Total current liabilities		218,009,144.31	38,709,752.42
Non-current liabilities			
Other non-current liabilities	14	44,275,256.00	45,559,380.00
Total non-current liabilities		44,275,256.00	45,559,380.00
Total liabilities		262,284,400.31	84,269,132.42
Owner's equity			
Paid-in capital	15	876,681,198.48	696,028,700.00
Accumulated losses		(41,413,355.02)	(32,543,365.17)
Total owner's equity		835,267,843.46	663,485,334.83
Total liabilities and owner's equity		1,097,552,243.77	747,754,467.25

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors of the Company.

Rangarajan Vellamore Rathangapani
Chief Executive Officer

Ge Jingwei
In charge of Accounting Affairs and Head of the Accounting Department

Date : March 31, 2017

Income Statement

in Renminbi Yuan

Particulars	Note	For the year ended December 31,	
		2016	2015
Operating income	16	24,992,405.65	–
Less: Operating costs		(26,449,148.10)	–
General and administrative expenses		(10,829,175.31)	(6,128,363.69)
Net financial income	17	2,688,293.73	7,274,799.58
Impairment losses	18	(164,605.25)	–
Operating (loss) / profit		(9,762,229.28)	1,146,435.89
Add: Non-operating income	19	892,239.43	687,408.89
(Loss) / Profit before taxation		(8,869,989.85)	1,833,844.78
Less: Income tax expense	20	–	–
Net (loss) / profit for the year		(8,869,989.85)	1,833,844.78
Other comprehensive (loss) / income for the year, net of tax		–	–
Total comprehensive (loss) / income for the year		(8,869,989.85)	1,833,844.78

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

in Renminbi Yuan

Particulars	Note	For the year ended December 31,	
		2016	2015
Cash flows from operating activities			
Proceeds from rendering of services		305,379.04	–
Proceeds from other operating activities		–	6,084.89
Sub total of cash inflows		305,379.04	6,084.89
Payment of various taxes		(390,033.20)	(366,448.20)
Payment for other operating activities		(9,304,049.16)	(6,267,440.25)
Sub total of cash outflows		(9,694,082.36)	(6,633,888.45)
Net cash outflow from operating activities	22(1)	(9,388,703.32)	(6,627,803.56)
Cash flows from investing activities			
Proceeds from other investing activities		111,808.50	214,422.54
Sub total of cash inflows		111,808.50	214,422.54
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(243,283,637.25)	(277,019,624.57)
Sub total of cash outflows		(243,283,637.25)	(277,019,624.57)
Net cash outflow from investing activities		(243,171,828.75)	(276,805,202.03)
Cash flows from financing activities			
Proceeds from investors		180,652,498.48	309,505,000.00
Sub total of cash inflows		180,652,498.48	309,505,000.00
Net cash inflow from financing activities		180,652,498.48	309,505,000.00
Effect of foreign exchange rate changes on cash and cash equivalents		2,576,485.23	7,060,377.04
Net (decrease) / increase in cash and cash equivalents	22(2)	(69,331,548.36)	33,132,371.45
Add: Cash and cash equivalents at the beginning of the year		93,614,956.08	60,482,584.63
Cash and cash equivalents at the end of the year	22(3)	24,283,407.72	93,614,956.08

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Owner's Equity

in Renminbi Yuan

Particulars	For the year ended December 31, 2016		
	Paid-in capital	Accumulated losses	Total
Balance at January 1, 2016	696,028,700.00	(32,543,365.17)	663,485,334.83
Changes in equity during the year			
1. Total comprehensive income	–	(8,869,989.85)	(8,869,989.85)
2. Owners' contributions	180,652,498.48	–	180,652,498.48
Sub total of 1 to 2	180,652,498.48	(8,869,989.85)	171,782,508.63
Balance at December 31, 2016	876,681,198.48	(41,413,355.02)	835,267,843.46

in Renminbi Yuan

Particulars	For the year ended December 31, 2015		
	Paid-in capital	Accumulated losses	Total
Balance at January 1, 2015	386,523,700.00	(34,377,209.95)	352,146,490.05
Changes in equity during the year			
1. Total comprehensive income	–	1,833,844.78	1,833,844.78
2. Owners' contributions	309,505,000.00	–	309,505,000.00
Sub total of 1 to 2	309,505,000.00	1,833,844.78	311,338,844.78
Balance at December 31, 2015	696,028,700.00	(32,543,365.17)	663,485,334.83

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 February 16, 2011, and a business license 310000400643765 (Minhang) on February 21, 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 US $130,000,000. The registered capital was increased from US $20,000,000 to US $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 August 9, 2012 and a revised business license 310000400643765 (Shiju) on October 19, 2012 issued by Shanghai Administration of Industry and Commerce of the PRC.

On October 24, 2016, the Company updated its scope of principal activities and obtained a renewed business licence with the unified social credit code of 91310000569580636B.

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.

The Company incurred a loss of RMB 8,869,989.85 during 2016. As at December 31, 2016, the Company's current liabilities exceeded its current assets by RMB 135,187,853.25. Notwithstanding the above, these financial statements have been prepared on a going concern basis as the Company's ultimate holding company, Infosys Limited (formerly Infosys Technologies Limited), has undertaken to provide such continuing financial assistance to the Company as may be necessary to maintain the Company as a going concern until at least December 31, 2017. Accordingly, it is appropriate to prepare the financial statements on a 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') issued by the Ministry of Finance ('MOF') of the People's Republic of China ('PRC'). These financial statements present truly and completely the financial position of the Company as at December 31, 2016, 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 January 1 to December 31.

(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 recognized 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 *(Refer to Note 3(8)(b))*. Construction in progress is stated in the Balance Sheet at cost less impairment losses *(Refer to 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, capitalized 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 recognized 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 derecognized. The costs of the day to day maintenance of fixed assets are recognized 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 recognized 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%
Building	25 years	–	4%

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 recognized 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 amortization (where the estimated useful life is finite) and impairment losses *(Refer to Note 3(8)(b))*.

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life. The respective amortization period for such intangible asset is as follows:

	Amortization period
Land use rights	50 years

(6) Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognized as long-term deferred expenses. Long-term deferred expenses are stated in the Balance Sheet at cost less accumulated amortization and impairment losses *(Refer to Note 3(8)(b))*.

Long-term deferred expenses include leasehold improvement and building decoration which are amortized 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 recognized 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 period.

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, such assets and liabilities are measured as follows:

- Receivables are measured at amortized cost using the effective interest method.
- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortized 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 recognized amounts; and
- the Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognized 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 following two amounts is recognized in profit or loss:

- the carrying amount of the financial asset transferred.
- the sum of the consideration received from the transfer.

The Company derecognizes 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 recognized 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 *(Refer to 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 recognized.

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 recognized 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 recognized 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 recognized, the previously recognized 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 amortized cost would have been had no impairment loss been recognized in previous 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 *(Refer to 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 recognized 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 recognized accordingly. Impairment losses related to an asset group or a set of asset groups are to reduce the carrying amount of the other 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 recognized, 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. The 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 recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or as 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 organizations. 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 recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(11) Income tax

Current tax and deferred tax are recognized 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 realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the difference 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 recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

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 utilized. 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 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 realize 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 recognized 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 recognized 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 recognized by reference to the stage of completion based on the proportion of services performed-to-date and the total services-to-be-performed.

Where the outcome cannot be estimated reliably, revenues are recognized 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 recognized in profit or loss and no service revenue is recognized.

(b) Interest income

Interest income is recognized 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 recognized 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 recognized initially as deferred income and amortized 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 recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Company for expenses already incurred is recognized 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 organization, 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 same or 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 recognized in the period in which the estimate is revised and in any future periods affected.

Except for: Note3(3) and (5) contain information about the accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets. Notes 6 contains information about the accounting estimates relating to impairment of account receivable.

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 (in 2015: 25%). The accumulated tax loss brought forward exceeded the taxable profits for the year, so there is no provision for income tax as at December 31, 2016.

5 Cash-at-bank and on-hand

in RMB

Particulars	2016	2015
Deposits with banks	24,283,407.72	93,614,956.08

6 Accounts receivable

(1) Accounts receivable by customer type

in RMB

Particulars	2016	2015
Amounts due from other customers	27,734,209.65	–
Less: Provision for bad and doubtful debts	(164,605.25)	–
Total	27,569,604.40	–

(2) The ageing analysis of accounts receivable is as follows:

in RMB

Particulars	2016	2015
Within 1 year (inclusive)	27,734,209.65	–
Less: Provision for bad and doubtful debts	(164,605.25)	–
Total	27,569,604.40	–

(3) An analysis of the movements of provisions for bad and doubtful debts for the year is as follows:

in RMB

Particulars	2016	2015
Balance as at the beginning of the year	–	–
Additions during the year	164,605.25	–
Balance as at the end of the year	164,605.25	–

7 Other receivables

(1) Other receivables by customer type

in RMB

Particulars	2016	2015
Amounts due from others	604,963.00	627,143.00
Less: Provision for bad and doubtful debts	–	–
Total	604,963.00	627,143.00

(2) The ageing analysis of other receivables is as follows:

in RMB

Particulars	2016	2015
Within 1 year (inclusive)	478,163.00	500,343.00
Over 1 year but within 2 years (inclusive)	–	126,800.00
Over 2 years but within 3 years (inclusive)	126,800.00	–
Sub total	604,963.00	627,143.00
Less: Provision for bad and doubtful debts	–	–
Total	604,963.00	627,143.00

The ageing is counted starting from the date when other receivables are recognized.

8 Other current assets

in RMB

Particulars	2016	2015
Deductible input VAT	30,334,956.31	8,525,964.78

9 Fixed assets

in RMB

Particulars	Computer equipment	Office equipment	Building	Total
Cost				
Balance at January 1, 2015	845,766.22	2,988,606.74	–	3,834,372.96
Additions during the year	675,224.79	432,510.53	–	1,107,735.32
Disposals during the year	(124,600.00)	(675,766.44)	–	(800,366.44)
Balance at December 31, 2015	1,396,391.01	2,745,350.83	–	4,141,741.84
Additions during the year	2,541,404.69	2,415,713.58	–	4,957,118.27
Transfers from construction in progress	16,055,294.82	19,438,124.37	682,508,866.84	718,002,286.03
Balance at December 31, 2016	19,993,090.52	24,599,188.78	682,508,866.84	727,101,146.14
Less: Accumulated depreciation				
Balance at January 1, 2015	(790,295.93)	(1,492,859.26)	–	(2,283,155.19)
Charge for the year	(51,967.64)	(534,055.17)	–	(586,022.81)
Written off on disposal	124,600.00	366,121.32	–	490,721.32
Balance at December 31, 2015	(717,663.57)	(1,660,793.11)	–	(2,378,456.68)
Charge for the year	(613,112.11)	(708,663.25)	–	(1,321,775.36)
Balance at December 31, 2016	(1,330,775.68)	(2,369,456.36)	–	(3,700,232.04)
Carrying amounts				
At December 31, 2016	18,662,314.84	22,229,732.42	682,508,866.84	723,400,914.10
At December 31, 2015	678,727.44	1,084,557.72	–	1,763,285.16

10 Construction in progress

Particulars	RMB
Balance at January 1, 2015	288,831,608.45
Additions during the year	288,752,557.26
Balance at December 31, 2015	577,584,165.71
Additions during the year	362,911,477.01
Transfers to fixed assets	(718,002,286.03)
Transfers to long-term deferred expenses	(80,381,949.71)
Balance at December 31, 2016	142,111,406.98

11 Intangible assets

in RMB

Particulars	Land use rights
Cost	
Balance at January 1, 2015, December 31, 2015 and December 31, 2016	70,540,000.00
Less: Accumulated amortization	
Balance at January 1, 2015	(4,605,459.97)
Charge for the year	(1,407,935.65)
Balance at December 31, 2015	(6,013,395.62)
Charge for the year	(1,413,744.17)
Balance at December 31, 2016	(7,427,139.79)
Carrying amounts	
At December 31, 2016	63,112,860.21
At December 31, 2015	64,526,604.38

12 Long-term deferred expenses

in RMB

Particulars	2016	2015
Leasehold improvement	5,723,821.71	659,187.56
Building decoration	80,381,949.71	–
Total	86,105,771.42	659,187.56

13 Deferred tax assets

Deferred tax assets not recognized

In accordance with the accounting policy *(Refer to Note 3(11))*, the Company has not recognized deferred tax assets in respect of deductible temporary difference and cumulative tax losses of RMB 19,245,202.57 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. (2015: RMB 10,267,624.47).

14 Non-current liabilities due within one year and other non-current liabilities

in RMB

Particulars	Subsidy for technological Support
Cost	
Balance at the beginning and the end of the year	48,966,000.00
Less: Accumulated amortization	
Balance at the beginning of the year	(2,725,296.00)
Charge for the year	(681,324.00)
Balance at the end of the year	(3,406,620.00)
Carrying amount	
At the end of the year	45,559,380.00
At the beginning of the year	46,240,704.00

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 amortized 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 amount to RMB 15,070,000.00. The subsidy is intended to provide support for the project of software development centre of the Company, which is a government grant related to assets. As at December 31, 2016, the project of the software development center is already completed. As at December 31, 2016 and December 31, 2015, the unamortized subsidies were included in the non-current liabilities due within one year and the other non-current liabilities.

15 Paid-in capital

The Company's registered capital structure as at December 31 is as follows:

Particulars	2016 and 2015	
	Amount US $	%
Infosys Limited	150,000,000.00	100

The Company's paid-in capital structure as at December 31 is as follows:

Particulars	2016			2015		
	Amount in original currency US $	Amount in RMB equivalent	%	Amount in original currency US $	Amount in RMB equivalent	%
Infosys Limited	138,000,000.00	876,681,198.48	100	111,000,000.00	696,028,700.00	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.

16 Operating income

in RMB

Particulars	2016	2015
Operating income from principal activities		
Rendering of services	24,992,405.65	–
Total	24,992,405.65	–

17 Net financial income

in RMB

Particulars	2016	2015
Interest income from deposits	111,808.50	214,422.54
Net exchange gains	2,576,485.23	7,060,377.04
Total	2,688,293.73	7,274,799.58

18 Impairment losses

in RMB

Particulars	2016	2015
Accounts receivable	(164,605.25)	–

19 Non-operating income

in RMB

Particulars	2016	2015
Technological support subsidy	681,324.00	681,324.00
Others	210,915.43	6,084.89
Total	892,239.43	687,408.89

20 Income tax expense

(1) Reconciliation between income tax expense and accounting (loss) / profit

in RMB

Particulars	2016	2015
(Losses) / profit before taxation	(8,869,989.85)	1,833,844.78
Expected income tax expense at tax rate of 25%	(2,217,497.46)	458,461.20
Unrecognized deductible temporary differences	(26,897.06)	(63,032.97)
Unrecognized tax loss	2,244,394.52	–
Tax effect of previously unrecognized tax losses utilized	–	(395,428.23)
Income tax expense	–	–

21 Supplement to Income Statement

Expenses are analyzed by their nature as follows:

in RMB

Particulars	2016	2015
Operating income	24,992,405.65	–
Less: Depreciation and amortization expenses	(4,455,248.66)	(2,512,508.41)
Rental payments	(4,029,863.62)	(1,190,870.75)
Net financial income	2,688,293.73	7,274,799.58
Other expenses	(28,957,816.38)	(2,424,984.53)
Operating (loss) / profit	(9,762,229.28)	1,146,435.89

22 Supplement to Cash Flow Statement

(1) Reconciliation of net (loss) / profit to cash flows from operating activities

in RMB

Particulars	2016	2015
Net (loss) / profit	(8,869,989.85)	1,833,844.78
Add: Impairment provisions against bad debt	164,605.25	–
Depreciation of fixed assets	1,321,775.36	586,022.81
Losses from disposal of fixed assets, intangible assets and other long-term assets	–	309,645.12
Net financial income	(2,688,293.73)	(7,274,799.58)
Amortization of land use right	1,413,744.17	1,407,935.65
Amortization of technological subsidy	(681,324.00)	(681,324.00)
Amortization of long-term deferred expenses	1,719,729.13	518,549.95
Increase in operating receivables	(25,042,959.33)	(3,798,129.21)
Increase in operating payables	23,274,009.68	470,450.92
Net cash outflow from operating activities	(9,388,703.32)	(6,627,803.56)

(2) Change in cash

in RMB

Particulars	2016	2015
Cash at the end of the year	24,283,407.72	93,614,956.08
Less: Cash at the beginning of the year	(93,614,956.08)	(60,482,584.63)
Net (decrease) / increase in cash	(69,331,548.36)	33,132,371.45

(3) Cash held by the Company

in RMB

Particulars	2016	2015
(a) Cash-at-bank and on-hand		
Bank deposits available on demand	24,283,407.72	93,614,956.08
(b) Closing balance of cash available on demand	24,283,407.72	93,614,956.08

23 Segment-reporting

The Company has an integrated structure of internal organization with a set of unified management performance indicators and one internal reporting system for the Company's operations in its entirety. The 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 did not present segment reporting data.

24 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.

(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, receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by the 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 evaluation 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.

In monitoring customer credit risk, customers are grouped according to certain factors, such as ageing.

The Company's main customers are 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 December 31, 2016, 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 December 31, the Company's exposure to currency risk arising from recognized 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.

in Renminbi Yuan

Particulars	2016
Cash-at-bank and on-hand	19,456,608.60
Accounts payable	(20,509,240.50)
Net Balance Sheet exposure	(1,052,631.90)

in Renminbi Yuan

Particulars	2015
Cash-at-bank and on-hand	82,946,078.95
Net Balance Sheet exposure	82,946,078.95

(b) The exchange rates for Renminbi against foreign currencies applied by the Company

Particulars	Average rate		Reporting date mid spot rate	
	2016	2015	2016	2015
US $	6.6423	6.2283	6.9370	6.4936

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US Dollar as at December 31 would have increased / (decreased) the Company's equity and net profit by the following amount, whose effect is in Renminbi and translated using the spot rate at the year end date :

Particulars	Equity RMB	Net profit / (loss) RMB
As at December 31, 2016		
US $	50,125.33	50,125.33
As at December 31, 2015		
US $	(3,949,813.28)	(3,949,813.28)

25 Fair value

(1) Fair-value measurement

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follow :

Level 1 inputs : Unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs : Inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs : Inputs that are unobservable for underlying assets or liabilities.

As at December 31, 2016 and December 31, 2015, 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 December 31, 2016 and 2015.

26 Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

The Company defines 'capital' as including all components of equity. The balance of related party transactions are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Infosys Limited Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the Board of Directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Company is not subject to externally imposed capital requirements.

27 Commitments

(1) Capital commitments

As at December 31, the capital commitments of the Company are summarized as follows :

in RMB

Particulars	2016	2015
Contracts for construction of building	5,201,617.85	94,251,450.35
Contracts for purchasing equipment	132,148.12	5,750,447.20
Contracts for leasehold improvement	17,299,763.21	4,447,825.18
Total	22,633,529.18	104,449,722.73

(2) Operating lease commitments

As at December 31, the total future minimum lease payments under non-cancellable operating leases of properties were payable as follows :

in RMB

Particulars	2016	2015
Within 1 year (inclusive)	3,165,690.00	3,648,798.00
After 1 year but within 2 years (inclusive)	2,891,298.05	3,165,690.00
After 2 years but within 3 years (inclusive)	2,997,517.52	2,891,298.05
After 3 years	2,429,414.23	5,426,931.74
Total	11,483,919.80	15,132,717.79

28 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, Bengaluru 560100, India	Provision of information technology services and solutions	Rupees 11.48 billion	100%	100%

(2) Transactions with related parties

(a) Transaction amounts with related parties:

in RMB

Particulars	2016	2015
Sub-contracting services	22,402,482.57	–

(b) The balances of transactions with related parties as at December 31 are as follows:

in RMB

Particulars	2016	2015
Accounts payable	22,697,377.37	

(c) Relationships with the related parties under the transactions stated in (2)(a) and (b) above

Name of the enterprise	Relationship with the Company
Infosys Technologies (China) Co., Ltd	Controlled by the same parent company
Kallidus. Inc	Controlled by the same parent company

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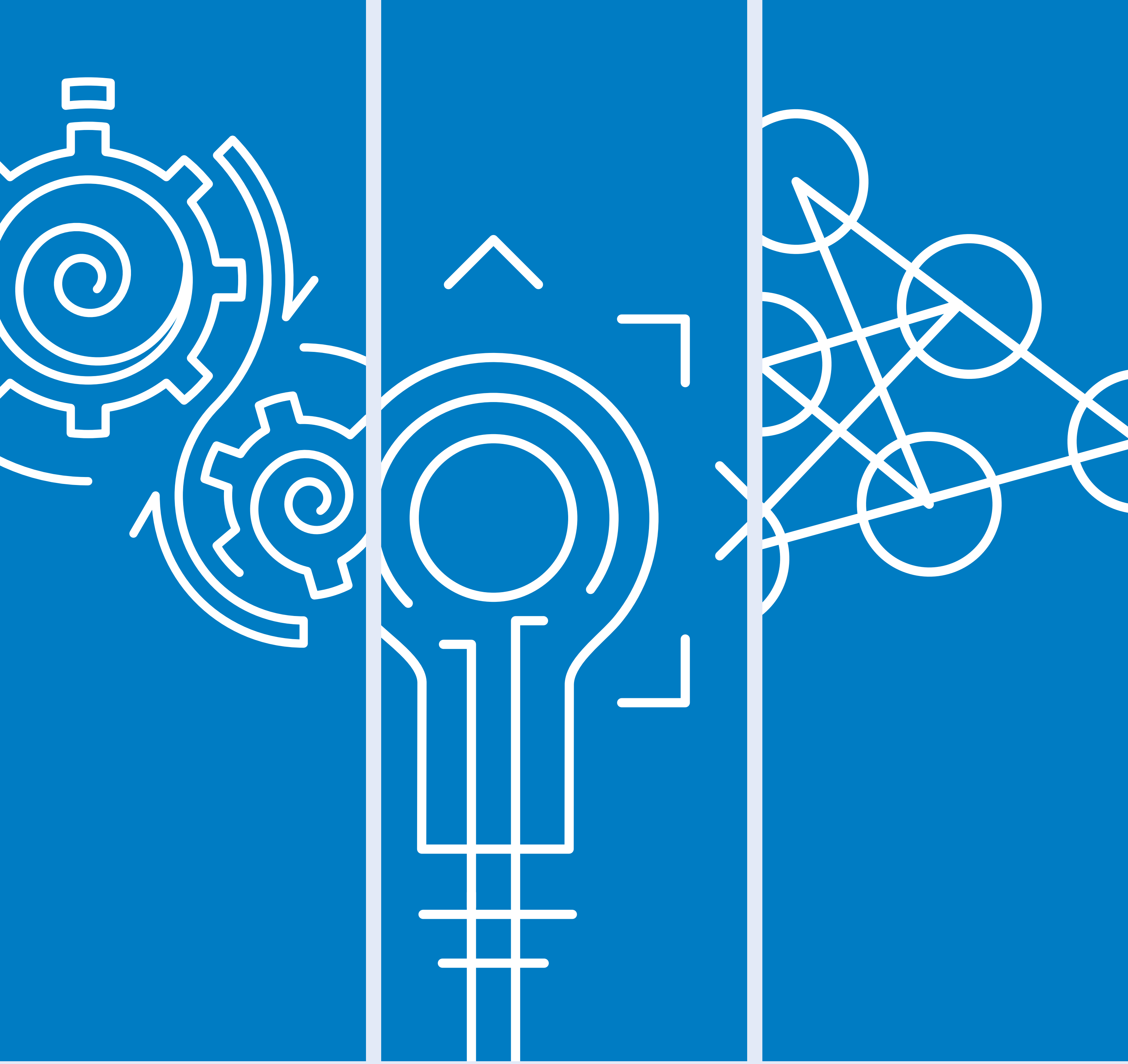


Panaya GmbH

Independent Auditors' Report

To the Members of Panaya GmbH

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Panaya GmbH ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies, and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS 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 Management, as well as evaluating the overall presentation of the Standalone Ind AS Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income and its cash flows, and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 9, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.1	69,577	1,27,486	7,76,546
Total non-current assets		69,577	1,27,486	7,76,546
Current assets				
Financial assets				
Trade receivables	2.2	21,59,62,949	12,33,85,414	5,99,96,394
Cash and cash equivalents	2.3	9,27,59,986	5,41,37,268	7,54,16,478
Other financial assets	2.4	6,76,42,926	3,18,69,352	54,60,944
Other current assets	2.5	–	93,818	85,376
Total current assets		37,63,65,861	20,94,85,852	14,09,59,192
Total assets		37,64,35,437	20,96,13,338	14,17,35,738
EQUITY AND LIABILITIES				
Equity				
Equity share capital		18,12,750	18,12,750	18,12,750
Other equity		(3,10,67,001)	(3,83,27,437)	(4,37,99,561)
Total equity		(2,92,54,251)	(3,65,14,687)	(4,19,86,811)
Liabilities				
Current liabilities				
Financial liabilities				
Trade payables	2.8	27,54,31,859	16,70,15,842	–
Other financial liabilities	2.9	1,69,44,118	1,80,92,993	9,37,17,548
Other liabilities	2.10	11,33,13,712	5,96,39,581	9,00,04,999
Income tax liabilities, net		–	13,79,609	2
Total current liabilities		40,56,89,689	24,61,28,025	18,37,22,549
Total equity and liabilities		37,64,35,437	20,96,13,338	14,17,35,738

The accompanying notes form an integral part of the 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
Panaya GmbH

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.12	23,59,14,655	25,56,16,591
Other income, net	2.13	(83,853)	(95,697)
Total income		23,58,30,802	25,55,20,894
Expenses			
Employee benefit expenses	2.14	6,78,08,975	3,92,93,953
Cost of technical sub-contractors		11,26,89,373	17,14,54,337
Travel expenses		1,09,56,457	53,74,111
Communication expenses		14,54,394	13,33,630
Consultancy and professional charges		64,95,004	69,08,084
Depreciation expense	2.1	59,340	5,52,162
Other expenses	2.14	3,05,85,853	2,64,76,338
Total expenses		23,00,49,396	25,13,92,615
Profit before tax		57,81,407	41,28,279
Tax expense			
Current tax	2.11	(14,18,161)	10,85,085
Profit for the period		71,99,568	30,43,194
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		60,868	22,69,868
Total other comprehensive income, net of tax		60,868	22,69,868
Total comprehensive income for the period		72,60,436	53,13,062

The accompanying notes form an integral part of the 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
Panaya GmbH

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and surplus		Other comprehensive income	
		Securities premium reserve	Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	18,12,750	3,62,550	(4,12,05,363)	(29,56,748)	(4,19,86,811)
Changes in equity for the year ended December 31, 2015					
Addition to securities premium	–	1,59,062	–	–	1,59,062
Exchange difference	–	–	–	22,69,868	22,69,868
Profit for the period	–	–	30,43,194	–	30,43,194
Balance as of December 31, 2015	18,12,750	5,21,612	(3,81,62,169)	(6,86,880)	(3,65,14,687)
Changes in equity for the year ended December 31, 2016					
Exchange difference	–	–	–	60,868	60,868
Profit for the period	–	–	71,99,568	–	71,99,568
Balance as of December 31, 2016	18,12,750	5,21,612	(3,09,62,601)	(6,26,012)	(2,92,54,251)

The accompanying notes form an integral part of the 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
Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number : 202841

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31,	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	71,99,568	30,43,194
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	59,340	5,52,162
Income tax expense	(14,18,161)	10,85,085
Exchange differences on translation of assets and liabilities	97,989	27,77,468
Changes in assets and liabilities		
Trade receivables	(9,25,77,535)	(6,33,89,020)
Loans and other financial assets and other assets	(3,56,79,756)	(2,64,16,850)
Trade payables	10,84,16,017	16,70,15,842
Other financial liabilities, other liabilities and provisions	5,25,25,256	(10,59,89,973)
CASH GENERATED FROM OPERATIONS	3,86,22,718	(2,13,22,092)
Income taxes paid	–	–
NET CASH GENERATED BY / (USED IN) OPERATING ACTIVITIES	3,86,22,718	(2,13,22,092)
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant, and equipment net of sale proceeds	–	42,882
NET CASH USED IN INVESTING ACTIVITIES	–	42,882
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,86,22,718	(2,12,79,210)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,41,37,268	7,54,16,478
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,27,59,986	5,41,37,268

The accompanying notes form an integral part of the 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
Panaya GmbH

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Significant accounting policies

Company overview

Panaya GmbH is a wholly-owned subsidiary of Panaya Inc., USA. 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 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and 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.

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.

Examples of such estimates allowance for credit losses, future obligations under employee benefit plans, income taxes, and the useful lives of property, plant and equipment.

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 Provisions

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 fees is fixed and determinable and collection is reasonably assured. If uncertainty exists, revenue is recognized when uncertainties are resolved.

1.7 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(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.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the EURO.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted, or substantively enacted by the Balance Sheet date, and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of exchange gain / loss on translation of other assets and liabilities.

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.

2 Notes to the standalone financial statements for the year ended December 31, 2016

First-time adoption of Ind AS

These standalone financial statements of Panaya GmbH for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies *(Refer to Note 1)* have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	16,30,337	91,616	17,21,953
Additions	–	–	–
Deletions	–	–	–
Translation differences	(10,174)	(572)	(10,746)
Gross carrying value as of December 31, 2016	16,20,163	91,044	17,11,207
Accumulated depreciation as of January 1, 2016	(15,53,040)	(41,427)	(15,94,467)
Depreciation	(39,744)	(19,596)	(59,340)
Accumulated depreciation on deletions	–	–	–
Translation differences	11,240	936	12,176
Accumulated depreciation as of December 31, 2016	(15,81,544)	(60,087)	(16,41,631)
Carrying value as of December 31, 2016	38,620	30,957	69,577
Carrying value as of January 1, 2016	77,298	50,189	1,27,486

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	19,18,673	–	19,18,673
Additions	–	91,616	91,616
Deletions	(1,76,093)	–	(1,76,093)
Translation differences	(1,12,243)	–	(1,12,243)
Gross carrying value as of December 31, 2015	16,30,337	91,616	17,21,953
Accumulated depreciation as of January 1, 2015	(11,42,127)	–	(11,42,127)
Depreciation	(5,10,735)	(41,427)	(5,52,162)
Accumulated depreciation on deletions	–	–	–
Translation differences	99,822	–	99,822
Accumulated depreciation as of December 31, 2015	(15,53,040)	(41,427)	(15,94,467)
Carrying value as of December 31, 2015	77,298	50,189	1,27,486
Carrying value as of January 1, 2015	7,76,546	–	7,76,546

2.2 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	21,59,62,949	12,33,85,414	5,99,96,394
	21,59,62,949	12,33,85,414	5,99,96,394
[1] Includes dues from fellow subsidiaries	20,74,52,464	8,91,15,459	–

2.3 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	9,27,59,986	5,41,37,268	7,54,16,478
	9,27,59,986	5,41,37,268	7,54,16,478

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Rental deposits	–	1,80,275	1,91,475
Security deposits	49,30,853	49,61,529	52,69,469
Others [1]	6,27,12,073	2,67,27,548	–
Total	6,76,42,926	3,18,69,352	54,60,944
Financial assets carried at amortized cost	6,76,42,926	3,18,69,352	54,60,944
[1] Includes dues from fellow subsidiaries	6,27,12,073	2,67,27,548	–

2.5 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	–	15,036	85,376
Withholding taxes and others	–	62,238	–
Others	–	16,544	–
Total other assets	–	93,818	85,376

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in ₹

Particulars	Amortized cost as at		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.3)*	9,27,59,986	5,41,37,268	7,54,16,478
Trade receivables *(Refer to Note 2.2)*	21,59,62,949	12,33,85,414	5,99,96,394
Other financial assets *(Refer to Note 2.4)*	6,76,42,926	3,18,69,352	54,60,944
Total	37,63,65,861	20,93,92,034	14,08,73,816
Liabilities			
Trade payables *(Refer to Note 2.8)*	27,54,31,859	16,70,15,842	–
Other financial liabilities *(Refer to Note 2.9)*	1,38,31,423	1,43,32,240	9,20,67,962
Total	28,92,63,281	18,13,48,082	9,20,67,962

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹215,962,949 and ₹123,385,414 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables are derived from revenue earned from companies within the group and no credit risk is perceived.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

As of December 31, 2016 and December 31, 2015, the Company had cash and cash equivalents of ₹92,759,876 and ₹54,137,268, respectively.

2.7 Equity

Equity share capital

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized	18,12,750	18,12,750	18,12,750
Issued, subscribed and paid-up	18,12,750	18,12,750	18,12,750
(wholly-owned by Panaya Inc.)	18,12,750	18,12,750	18,12,750

2.8 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables (1)	27,54,31,859	16,70,15,842	–
	27,54,31,859	16,70,15,842	–
(1) Includes dues to fellow subsidiaries	27,50,33,395	16,70,15,842	–

2.9 Other financial liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Accrued compensation to employees	1,38,31,423	1,43,06,583	68,23,173
Accrued expenses	–	25,657	3,00,298
Compensated absences	31,12,695	37,60,753	16,49,586
Other payables(1)	–	–	8,49,44,491
Total financial liabilities	1,69,44,118	1,80,92,993	9,37,17,548
Financial liability carried at amortized cost	1,38,31,423	1,43,32,240	9,20,67,962
(1) Includes dues to fellow subsidiaries	–	–	8,46,84,379

2.10 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Unearned revenue	11,19,84,486	5,96,39,581	8,42,24,937
	11,33,13,712	5,96,39,581	9,00,04,999
Total other liabilities	11,33,13,712	5,96,39,581	9,00,04,999

2.11 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	(14,18,161)	10,85,085
Deferred taxes	–	–
Income tax expense	(14,18,161)	10,85,085

Current tax expenses for the year ended December 31, 2016 include reversal amounting to 14,15,768 pertaining to prior periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	57,81,407	41,28,279
Enacted tax rates in Germany	32.50%	32.50%
Computed expected tax expense	18,78,957	13,41,691
Tax reversals	(14,15,768)	–
Effect of unrecognized deferred tax assets	(18,81,350)	(2,56,606)
Income tax expense	(14,18,161)	10,85,085

The applicable statutory tax rate in Germany for year ending December 31, 2016 and December 31, 2015 is 32.50%.

The following table provides the details of income tax assets and income tax liabilities:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	–	–
Current income tax liabilities	–	13,79,609	2
Net current income tax assets / (liability) at the end	–	(13,79,609)	(2)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset/ (liability) at the beginning	(13,79,609)	(2)
Income tax paid	–	–
Current income tax expense	14,18,161	(10,85,085)
Translation difference	(38,552)	(2,94,522)
Net current income tax asset/ (liability) at the end	–	(13,79,609)

2.12 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from software services	23,59,14,655	25,56,16,591
	23,59,14,655	25,56,16,591

2.13 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	(83,853)	(95,697)
	(83,853)	(95,697)

2.14 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	6,77,31,975	3,92,93,953
Staff welfare	77,000	–
	6,78,08,975	3,92,93,953

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Repairs and maintenance	90,248	99,389
Brand and marketing	35,09,632	6,32,577
Operating lease payments	74,877	6,55,590
Rates and taxes	11,053	–
Insurance	1,79,020	1,22,220
Commission charges	2,64,40,741	2,45,65,589
Others	2,80,282	4,00,973
	3,05,85,853	2,64,76,338

2.15 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Panaya Inc. (Panaya) [10]	US	100%	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 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 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
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 [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	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.
Infy Consulting B.V. (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 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.[11]	Israel
Panaya Pty Ltd[11][19]	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

Name of Associates	Country
DWA Nova LLC[1]	U.S.

[1] Associate of Infosys Nova Holdings LLC.

The details of amounts due to or due from related parties as at December 31, 2016, March 31, 2016 and April 1, 2015 are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
	20,74,52,464	8,91,15,459	–
Other receivables			
Panaya Ltd.	6,27,12,073	2,67,27,548	–
	6,27,12,073	2,67,27,548	–
Trade payables			
Panaya Ltd.	27,50,33,395	16,70,15,842	–
	27,50,33,395	16,70,15,842	–
Other payables			
Panaya Ltd.	–	–	8,46,84,379
	–	–	8,46,84,379

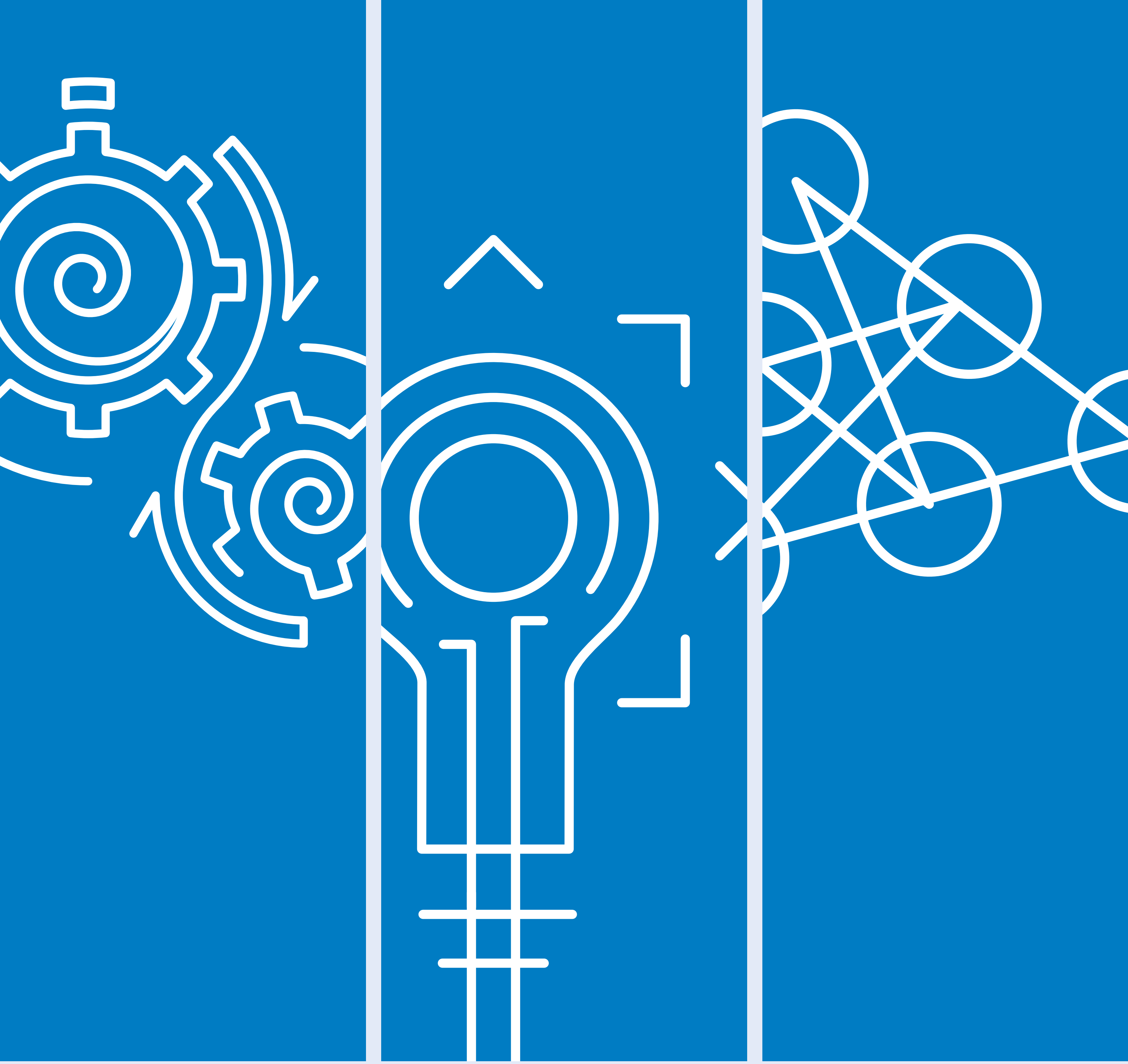
The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in Note 2.21 are as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Revenue transactions		
Purchase of services		
Panaya Ltd.	11,26,89,373	17,14,54,337
	11,26,89,373	17,14,54,337
Sale of services		
Panaya Ltd	12,28,08,812	9,12,76,637

2.16 Segment-reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the 'management approach', as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment Reporting'.



S.C. Infosys Consulting S.R.L.

Independent Auditors’ Report

To the members of S.C. Infosys Consulting S.R.L.

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of S.C. Infosys Consulting S.R.L. (‘the Company’), which comprises the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as ‘standalone Ind AS financial statements’)

Management’s responsibility for the standalone financial statements

The Company’s Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016 and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

i. 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;

ii. 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;

iii. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2.2	35,33,373	7,94,608	12,01,039
Income tax assets, net	2.14	–	–	10,44,396
Total non-current Assets		35,33,373	7,94,608	22,45,435
CURRENT ASSETS				
Financial assets				
Trade receivables	2.5	1,64,45,639	3,20,02,828	5,10,50,388
Cash and cash equivalents	2.6	5,09,28,631	4,23,30,637	40,68,437
Loans	2.3	2,52,882	2,90,177	9,62,842
Other financial assets	2.4	12,99,122	73,398	1,22,775
Other current assets	2.7	72,50,013	8,17,073	20,52,507
Total current assets		7,61,76,287	7,55,14,113	5,82,56,949
Total assets		7,97,09,660	7,63,08,721	6,05,02,384
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2.13	93,64,193	93,64,193	93,64,193
Other equity		4,39,66,348	4,49,54,260	3,77,09,536
Total equity		5,33,30,541	5,43,18,453	4,70,73,729
LIABILITIES				
Current liabilities				
Financial liabilities				
Trade payables	2.10	4,295	44,05,742	8,55,682
Other financial liabilities	2.9	1,75,29,337	1,45,73,696	1,21,65,639
Other current liabilities	2.11	–	–	4,07,334
Provisions	2.12	–	2,02,100	–
Income tax liabilities, net	2.14	88,45,487	28,08,730	–
Total current liabilities		2,63,79,119	2,19,90,268	1,34,28,655
Total equity and liabilities		7,97,09,660	7,63,08,721	6,05,02,384

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 SC Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Bengaluru
Date : January 10, 2017

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.15	22,53,04,540	20,47,38,039
Other income, net	2.16	(54,487)	5,07,866
Total income		22,52,50,053	20,52,45,905
Expenses			
Employee benefit expenses	2.17	14,64,57,394	12,08,38,635
Cost of technical sub-contractors		25,43,392	43,17,570
Travel expenses		4,74,48,392	4,91,57,787
Communication expenses		45,26,429	27,47,550
Consultancy and professional charges		71,28,309	84,42,137
Depreciation and amortization expense	2.2	13,01,370	12,59,860
Other expenses	2.17	76,06,442	27,20,919
Total expenses		21,70,11,728	18,94,84,458
PROFIT BEFORE TAX		82,38,325	1,57,61,447
Tax expense			
Current tax	2.14	82,15,080	58,38,766
Deferred tax	2.14	–	–
PROFIT FOR THE PERIOD		23,245	99,22,681
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(10,11,157)	(26,77,957)
Total other comprehensive income, net of tax		(10,11,157)	(26,77,957)
Total comprehensive income for the period		(9,87,912)	72,44,724
EARNINGS PER EQUITY SHARE			
Equity shares of RON 100 par value each			
Basic (₹)		1.66	708.76
Diluted (₹)		1.66	708.76
Weighted average equity shares used in computing earnings per equity share			
Basic		14,000	14,000
Diluted		14,000	14,000

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 SC Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Bengaluru
Date : January 10, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Reserves & surplus			Other comprehensive income	
		Securities premium reserve	Retained earnings	Other reserves*	Exchange difference on translation	
Balance as of January 1, 2015	93,64,193	1,24,85,591	2,14,30,560	5,44,507	32,48,878	4,70,73,729
Changes in equity for the year ended December 31, 2015						
Transfer to legal reserve	–	–	(14,60,684)	14,60,684	–	–
Currency translation	–	–	–	–	(26,77,957)	(26,77,957)
Profit for the period	–	–	99,22,681	–	–	99,22,681
Balance as of December 31, 2015	93,64,193	1,24,85,591	2,98,92,557	20,05,191	5,70,921	5,43,18,453
Balance as of January 1, 2016	93,64,193	1,24,85,591	2,98,92,557	20,05,191	5,70,921	5,43,18,453
Changes in equity for the year ended December 31, 2016						
Currency translation	–	–	–	–	(10,11,157)	(10,11,157)
Profit for the period	–	–	23,245	–	–	23,245
Balance as of December 31, 2016	93,64,193	1,24,85,591	2,99,15,802	20,05,191	(4,40,236)	5,33,30,541

*Represents legal reserves - Under the Romanian regulations, a certain percentage of the annual profit is required to be apportioned to the legal reserve based on specified conditions.

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 SC Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Bengaluru
Date : January 10, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31, 2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	23,245	99,22,681
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	13,01,370	12,59,860
Income tax expense	82,15,080	58,38,766
Other adjustments	(2,03,867)	–
Exchange differences on translation of assets and liabilities	(8,34,681)	(26,14,352)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,55,57,189	1,90,47,560
Loans and other financial assets and other assets	(76,58,664)	12,84,811
Trade payables	(44,01,447)	35,50,060
Other financial liabilities, other liabilities and provisions	29,57,408	22,02,823
Cash generated from operations	1,49,55,633	4,04,92,209
Income taxes paid	(21,78,323)	(19,85,640)
NET CASH GENERATED BY OPERATING ACTIVITIES	1,27,77,310	3,85,06,569
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment net of sale proceeds	(42,16,611)	(9,17,034)
Loans to employees	37,295	6,72,665
NET CASH USED IN INVESTING ACTIVITIES	(41,79,316)	(2,44,369)
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	85,97,994	3,82,62,200
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,23,30,637	40,68,437
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,09,28,631	4,23,30,637

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 SC Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Cristin Florescu
Director

Bengaluru
Date : January 10, 2017

Significant accounting policies

Company overview

S.C. Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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. The costs 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 Financial instruments

1.11.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition, or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.11.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.12 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.13 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.14 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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.

1.15 Foreign currency

Functional currency

The functional currency of the Company is the Romanian Lei. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.16 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain or loss on translation of other assets and liabilities.

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.

1.20 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 the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of S.C. Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	37,49,174	1,33,213	38,82,387
Additions	26,19,499	15,97,112	42,16,611
Translation difference	(1,71,112)	(1,04,844)	(2,75,956)
Gross carrying value as of December 31, 2016	61,97,561	16,25,481	78,23,042
Accumulated depreciation as of January 1, 2016	29,80,066	1,07,713	30,87,779
Depreciation	11,08,565	1,92,805	13,01,370
Translation difference	(89,141)	(10,339)	(99,480)
Accumulated depreciation as of December 31, 2016	39,99,490	2,90,179	42,89,669
Carrying value as of December 31, 2016	21,98,071	13,35,302	35,33,373
Carrying value as of January 1, 2016	7,69,108	25,500	7,94,608

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	36,47,572	1,43,031	37,90,603
Additions	9,17,034	–	9,17,034
Deletions	(5,83,106)	–	(5,83,106)
Translation difference	(2,32,326)	(9,818)	(2,42,144)
Gross carrying value as of December 31, 2015	37,49,174	1,33,213	38,82,387
Accumulated depreciation as of January 1, 2015	24,87,602	1,01,962	25,89,564
Depreciation	12,47,085	12,775	12,59,860
Accumulated depreciation on deletions	(5,83,106)	–	(5,83,106)
Translation difference	(1,71,515)	(7,024)	(1,78,539)
Accumulated depreciation as of December 31, 2015	29,80,066	1,07,713	30,87,779
Carrying value as of December 31, 2015	7,69,108	25,500	7,94,608
Carrying value as of January 1, 2015	11,59,970	41,069	12,01,039

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Other loans			
Loans and advances to employees	2,52,882	2,90,177	9,62,842
Total loans	2,52,882	2,90,177	9,62,842

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	December 31, 2015	2015
Current			
Rental deposits (1)	12,99,122	73,254	1,22,775
Others (1)(2)	–	144	–
Total	12,99,122	73,398	1,22,775
(1) Financial assets carried at amortized cost	12,99,122	73,398	1,22,775
(2) Includes dues from subsidiaries *(Refer to Note 2.19)*	–	144	–

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good(1)	1,64,45,639	3,20,02,828	5,10,50,388
	1,64,45,639	3,20,02,828	5,10,50,388
(1) Includes dues from subsidiaries *(Refer to Note 2.19)*	1,64,45,639	2,98,99,797	4,60,02,900

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	5,09,28,631	4,23,30,495	40,68,285
Cash-on-hand	–	142	152
	5,09,28,631	4,23,30,637	40,68,437

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	18,738	–	–
Others			
Prepaid expenses	26,11,482	6,65,026	9,94,615
Withholding taxes and others	46,19,793	1,52,047	10,57,892
	72,50,013	8,17,073	20,52,507
Total other assets	72,50,013	8,17,073	20,52,507

2.8 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows :

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	,2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	5,09,28,631	4,23,30,637	40,68,437
Trade receivables *(Refer to Note 2.5)*	1,64,45,639	3,20,02,828	5,10,50,388
Loans *(Refer to Note 2.3)*	2,52,882	2,90,177	9,62,842
Other financial assets *(Refer to Note 2.4)*	12,99,122	73,398	1,22,775
Total	6,89,26,274	7,46,97,040	5,62,04,442
liabilities :			
Trade payables *(Refer to Note 2.10)*	4,295	44,05,742	8,55,682
Other financial liabilities *(Refer to Note 2.9)*	66,78,623	48,04,218	47,64,880
Total	66,82,918	92,09,960	56,20,562

All the above financial instruments are carried at amortized cost and the carrying values approximate their fair value.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements.

As of December 31, 2016, the Company had a working capital of ₹4,97,97,168 including cash and cash equivalents of ₹5,09,28,631. As of December 31, 2015, the Company had a working capital of ₹5,35,23,845 including cash and cash equivalents of ₹4,23,30,637.

2.9 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	65,86,078	44,35,897	34,36,919
Accrued expenses [1]	90,971	–	11,35,649
Compensated absences	1,08,50,714	97,69,478	74,00,759
Other payables [2]	1,574	3,68,321	1,92,312
	1,75,29,337	1,45,73,696	1,21,65,639
Total financial liabilities	1,75,29,337	1,45,73,696	1,21,65,639
Financial liability carried at amortized cost	66,78,623	48,04,218	47,64,880
[1] Includes dues to subsidiaries *(Refer to Note 2.19)*	90,971	–	–
[2] Includes dues to subsidiaries *(Refer to Note 2.19)*	1,233	2,41,431	–

2.10 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	4,295	44,05,742	8,55,682
	4,295	44,05,742	8,55,682
[1]Includes dues to subsidiaries *(Refer to Note 2.19)*	–	43,32,970	–

2.11 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	–	–	4,07,334
	–	–	4,07,334

2.12 Provisions

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Post-sales client support and warranties and others	–	2,02,100	–
	–	2,02,100	–

Provision for post-sales client support and warranties and other provisions are expected to be utilized over a period of six months to one year.

2.13 Equity

Equity share capital

in ₹

	As at		
Particulars	December 31,		January 1,
	2016	2015	2015
Authorized			
14,000 (14,000) equity shares of RON 100 par value, fully paid	93,64,193	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	93,64,193	93,64,193

The details of shareholder holding more than 5% shares are set out as follows:

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	14,000	100	14,000	100

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	82,15,080	58,38,766
Deferred taxes	–	–
Income tax expense	82,15,080	58,38,766

Current tax expense for the year ended December 31, 2016 and December 31, 2015 includes provision amounting to ₹57,17,191 and nil, respectively pertaining to previous periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	82,38,325	1,57,61,447
Enacted tax rates in Romania	16.00%	16.00%
Computed expected tax expense	13,18,132	25,21,832
Overseas taxes	–	33,83,818
Tax provisions	57,17,191	–
Others	11,79,757	(66,884)
Income tax expense	82,15,080	58,38,766

The applicable Romanian statutory tax rate for fiscal 2017 and 2016 is 16%.

The following table provides the details of the income tax assets and income tax liabilities.

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	–	10,44,396
Current income tax liabilities	88,45,487	28,08,730	–
Net current income tax assets / (liability) at the end	(88,45,487)	(28,08,730)	10,44,396

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(28,08,730)	10,44,396
Income tax paid	20,07,241	20,22,543
Current income tax expense *(Refer to Note 2.14)*	(82,15,080)	(58,38,766)
Translation difference	1,71,082	(36,903)
Net current income tax asset / (liability) at the end	(88,45,487)	(28,08,730)

2.15 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	22,53,04,540	20,47,38,039
	22,53,04,540	20,47,38,039

2.16 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	(54,488)	5,07,675
Miscellaneous income, net	1	191
	(54,487)	5,07,866

2.17 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	14,63,31,634	12,07,76,060
Staff welfare	1,25,760	62,575
	14,64,57,394	12,08,38,635

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Power and fuel	1,50,619	38,684
Brand and marketing	8,99,314	2,00,437
Operating lease payments	37,76,377	15,71,527
Rates and taxes	7,294	5,494
Repairs and maintenance	15,33,331	10,087
Consumables	43,043	–
Provision for post-sales client-support and warranties	(2,03,867)	2,03,671
Bank charges	6,65,916	5,86,010
Others	7,34,415	1,05,009
	76,06,442	27,20,919

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in ₹

Particulars	For the year ended December 31	
	2016	2015
Lease rentals recognized during the period	37,76,377	15,71,527

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than one year	40,64,945	2,82,520	2,98,287
Later than one year and not later than five years	1,30,98,156	–	–
Later than 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 relates to rented premises. Some of these lease agreements have price escalation clauses.

2.19 Related party transactions

List of related parties

Name of holding company	Country	Holding as at December 31,		
		2016	2015	January 1, 2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%	100%

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

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

Name of 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 Poland Sp. z.o.o. *(formerly Infosys BPO (Poland) Sp. z.o.o)*[1]	Poland
Infosys BPO S. de R. L. de C.V. (Infosys Mexico) [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
EdgeVerve Systems Limited (EdgeVerve) [7]	India
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 [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	Switzerland
Infosys Consulting (Belgium) NV *(formerly 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)*	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.
Infy Consulting B.V. (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

Name of subsidiaries	Country
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
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)(19)	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	24,49,169	1,14,51,318	37,38,543
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,39,96,470	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	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	2,41,431	2,59,225
	1,64,45,639	2,98,99,797	4,60,02,900
Other receivables			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	144	–
	–	144	–
Trade payables			
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	42,83,558	–
Infosys Consulting Sp. z.o.o. *(formerly Lodestone Management Consultants Sp. z.o.o)*	–	49,412	–

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
	–	43,32,970	–
Accrued expense			
Infosys Limited	90,971	–	–
	90,971	–	–
Other payables			
Infosys Limited	1,233	–	–
Infy Consulting Company Ltd. *(formerly Lodestone Management Consultants Ltd.)*	–	2,41,431	–
	1,233	2,41,431	–

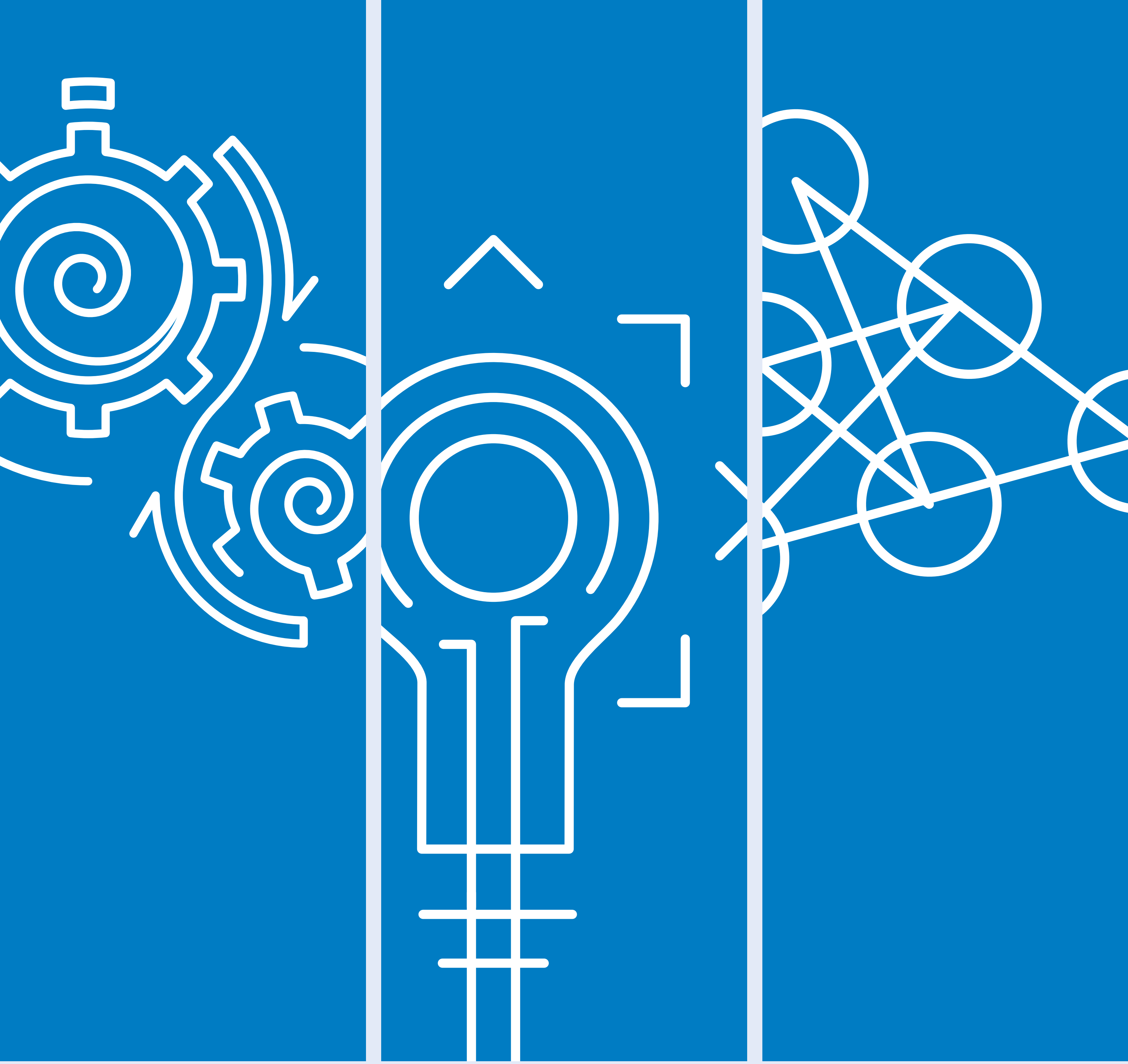
The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Transfer of fixed asset		
Infosys Consulting Sp. z.o.o *(formerly Lodestone Management Consultants Sp. z.o.o.)*	–	9,17,034
	–	9,17,034
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Sp. z.o.o.	3,83,554	5,42,097
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	39,59,911	43,07,638
	43,43,465	48,49,735
Sale of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	4,50,42,606	5,72,75,986
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	18,02,61,934	12,32,67,979
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)*	–	35,12,673
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)*	–	8,34,419
	22,53,04,540	18,48,91,057

2.21 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS108 - Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - Segment-reporting.



Infosys Consulting S.R.L.

(formerly Lodestone Management Consultants S.R.L.)

Independent Auditors' Report

To the Shareholders and Managers of

Infosys Consulting S.R.L.

Tax Reg. Number : 30-71341130-9

Legal Domicile : Av. Leandro N. Alem 855, 8th floor

Autonomous City of Buenos Aires

Financial Statements Report

I have audited the attached financial statements of Infosys Consulting S.R.L., which comprehend the statement of shareholders' equity at December 31, 2016, and the corresponding Income Statement, Statement of Changes to the Net Shareholders' Equity, and the Statement of Cash Flows, supplementary information contained in Notes 1 to 7, and Annexures I to III, for the financial year ended on that date.

The figures and other information corresponding to the financial year ended on December 31, 2016 are an integral part of the above-mentioned financial statements, and they are presented to be interpreted exclusively in relation to the figures and the information of the current financial year.

Responsibility of the Management in relation to the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of the attached financial statements in accordance with the Argentinean professional accounting standards, and the internal control that the Management may deem necessary to enable the preparation of the financial statements free from significant inaccuracies.

Auditors' Responsibility

My responsibility is to issue an opinion about the mentioned financial statements based on my audit. I have carried out my examination in conformance with the auditing standards established on Technical Resolution No. 37 by the Federation of Professional Councils of Economic Sciences (FACPCE, from the acronym in Spanish). These standards establish compliance with ethics requirements and for auditors to plan and execute their audit job to feel reasonably confident about the financial statements being free from significant inaccuracies.

An audit consists of the implementation of procedures, on selective bases, to obtain evidence about the figures and other information presented in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements due to fraud or error.

In making this risk assessment, the auditor considers the internal control in place in the Company, for what is relevant to the preparation and fair presentation of the financial statements in order to select audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of the Company. Furthermore, an audit includes evaluating the appropriateness of the accounting policies used, the reasonability of the accounting estimates made by the Company's Management, and the presentation of the financial statements as a whole.

I consider that the audit evidence obtained is sufficient and appropriate basis to support our audit opinion.

Opinion

It is my opinion that the attached financial statements are a fair presentation, in all significant aspects, of Infosys Consulting S.R.L. equity status at December 31, 2016, and the respective Income Statements, the statements of changes to the shareholders' equity and Statement of Cash Flows corresponding to the financial year ended on that date, in accordance with the Argentinean professional accounting standards.

Report on Other Legal and Regulatory Requirements

a. At December 31, 2016, the debt accrued for social security payments and contributions to the National Department of Social Security, resulting from the accounting records of the Company, amounts to $656,666, although it is not payable on that date.

b. I have applied the procedures for crime-generated assets laundry prevention and prevention of terrorism funding, envisaged in Resolution No. 420/11 by the Federation of Professional Councils of Economic Sciences.

Ciudad Autónoma de Buenos Aires,

March 27, 2017.

Financial Statements

Main activity of the Company : Provision of consultancy services for companies and organizations in all areas of business, and implementation and provision for qualified staff.

Registration Number at the Business Organizations Bureau : 1.864.855

- Articles of Incorporation on : February 5, 2013
- The latest amendment on : October 27, 2015

Date of expiration of the Company's contract : January 10, 2112

In the Shareholders Meeting - Minutes No. 8 of August 28, 2015, the change of corporate name from Lodestone Management Consultants S.R.L. to Infosys Consulting S.R.L. [TN : LLC] was approved and registered at the Business Organizations Bureau under No. 9665 in Book 147 on October 27, 2015.

Information about holding company :

Name : Infosys Consulting Holding AG

Main Activity : Consultancy

Shareholding of holding company in terms of equity and votes : 93, 79%

Legal Domicile : Av De Mayo 701, 18th Floor

The holding company, Lodestone Holding AG, changed its name to Infosys Consulting Holding AG in its Act of Incorporation, which was filed with the Business Organizations Bureau on March 2, 2017.

Composition of capital stock

(Refer to Note 5)

No. of shares	Type of shares	No. of votes granted by each	Subscribed US $	Paid-in US $
88,600	Common stock, nominative, non-endorsable, NV 100 each	1	8,860,000	8,860,000
88,600			8.860.000	8,860,000

Balance Sheet

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos (as described in Note 2.2)

ASSETS	As at December 31, 2016	As at December 31, 2015
CURRENT ASSETS		
Cash and banks *(Refer to Note 3.a)*	8,795,900	296,280
Accounts receivables for services *(Refer to Note 3.b)*	14,406,670	8,288,895
Other receivables *(Refer to Note 3.c)*	1,643,254	1,123,647
Total current assets	24,845,824	9,708,822
NON-CURRENT ASSETS		
Other receivables *(Refer to Note 3.c)*	3,972,331	1,652,560
Fixed assets (Annexure I)	356,420	378,280
Total non-current assets	4,328,751	2,030,840
Total assets	29,174,575	11,739,662

LIABILITIES	As at December 31, 2016	As at December 31, 2015
CURRENT LIABILITIES		
Accounts payables *(Refer to Note 3.d)*	12,940,092	3,011,893
Salaries and social security charges *(Refer to Note 3.e)*	1,909,024	2,392,866
Fiscal charges *(Refer to Note 3.f)*	4,995,139	1,162,309
Total current liabilities	19,844,255	6,567,068
NON-CURRENT LIABILITIES		
Total non-current liabilities	–	–
Total liabilities	19,844,255	6,567,068
NET SHAREHOLDERS' EQUITY		
As per respective statements	9,330,320	5,172,594
Total liabilities and shareholders' equity	29,174,575	11,739,662

The accompanying Notes 1 to 7 and supplementary statements, Annexures I to III, are an integral part of the financial statements.

Income Statement

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos

Particulars	Year ended on December 31, 2016	Year ended on December 31, 2015
Revenue from services provided	48,695,415	25,169,840
Cost of services rendered (Annexure III)	(22,005,262)	(13,502,610)
Gross income	26,690,153	11,667,230
Commercialization expenses (Annexure III)	(5,143,500)	(4,227,478)
Administrative expenses (Annexure III)	(14,409,464)	(7,911,080)
Financial results, net *(Refer toNote 3.g)*	449,506	(129,193)
Income tax *(Refer to Note 7)*	(3,428,969)	(304,252)
Net profit / (loss) for the financial year	4,157,726	(904,773)

The accompanying Notes 1 to 7 and supplementary statements, Annexures I to III, are an integral part of the financial statements.

Statement of Changes in Shareholders' Equity

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos

Particulars	Input of shareholders			Earnings accrued		As at December 31, Total	
	Share capital	Issuance premium	Total	Accumulated results	Total	2016	2015
Initial capital [1]	8,860,000	–	8,860,000	–	–	8,860,000	6,610,000
Increase of share capital [2]	–	–	–	–	–	–	2,700,000
Accumulated results	–	–	–	(3,687,406)	(3,687,406)	(3,687,406)	(2,782,633)
Net profit / loss for the financial year	–	–	–	4,157,726	4,157,726	4,157,726	(904,773)
Balance at year-end	8,860,000	–	8,860,000	470,320	470,320	9,330,320	5,172,594

(1) Set out by Acts of Incorporation dated January 10, 2013; Shareholders Meeting – Minutes No. 3 dated June 2, 2014 (Note 5); Shareholders Meeting – Minutes No. 5 dated September 9, 2014 *(Refer to Note 5)*.

(2) Set out by Shareholders Meeting – Minutes No. 6 dated March 9, 2015 *(Refer to Note 5)*.

The accompanying Notes 1 to 7 and supplementary statements, Annexures I to III, are an integral part of the financial statements.

Statement of Cash Flows

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos

Cash changes [1]	Year ended on December 31, 2016	2015
Cash at year-start	296,280	701,087
Cash at year-end	8,795,900	296,280
Increase / (reduction) of cash, net	8,499,620	(404,807)
Causes of cash changes		
Operating activities		
Net profit / (loss) of financial year	4,157,726	(904,773)
More batches not represented by cash movement		
Depreciation of fixed assets	251,978	189,615
Changes in operating assets and liabilities		
Increase of accounts receivables	(6,117,775)	(5,065,463)
Increase of other receivables	(2,839,378)	(1,332,740)
Increase in account payables	9,948,988	2,195,789
Increase of salaries and social security charges	(483,842)	1,224,186
Increase of tax charges	3,812,041	1,034,122
Net cash flow (used in) from operating activities	4,320,034	(1,944,106)
Investment activities		
Acquisition of fixed assets	(230,118)	(445,543)
Net cash flow (used in) from investment activities	(230,118)	(445,543)
Financing activities		
Increase of share capital	–	2,700,000
Net cash flow from financing activities	–	2,700,000
Increase / (reduction) of cash, net	8,499,620	(404,807)

(1) Corresponds to cash and banks

The accompanying Notes 1 to 7 and supplementary statements, Annexures I to III, are an integral part of the financial statements.

Notes to the financial statements as at December 31, 2016

2.0 Note 1 Activities of the Company

Infosys Consulting S.R.L. is a corporation whose main activity is the provision of consulting services for companies and organizations in all areas of business, and the implementation and provision of qualified staff.

Note 2 – Bases for the presentation of the financial statements

2.1 Applicable professional accounting standards

These financial statements were prepared in accordance with the reporting and valuation accounting standards set out by the Technical Resolutions (TR) issued by the Argentine Federation of Professional Councils of Economic Sciences (F.A.C.P.C.E., acronym in Spanish) approved by the Professional Council of Economic Sciences of the Autonomous City of Buenos Aires (C.P.C.E.C.A.B.A., acronym in Spanish), Argentine Republic, with the amendments included by this entity.

The preparation of the financial statements in accordance with the professional accounting standards requires the Corporation to make assumptions and estimates, which affect the amount of assets and liabilities informed, and the reporting of contingent assets and liabilities as at the date of the financial statements, as well as the amounts of expenses informed during the corresponding financial years. The actual income might differ from these estimates.

For matters not envisaged particularly in the accounting standards (Section 5 – T.R. No. 17), and which cannot be solved by : a) the application of other standards with the exception of TR No. 26; b) accounting measurement rules in general (Section 4 – TR No 17); or c) concepts included under the Conceptual Framework (TR No. 16), the Company's Management will define the accounting policy, and to do so, the following sources, in a decreasing order, can be used as the basis : a) The International Financial Reporting Standards and Interpretations approved by the International Accounting Standard Board; and b) Without a preset order, the rulings by other issuing entities using a similar conceptual framework, accepted industry practices and the accounting doctrine.

On March 20, 2009, the FACPCE approved TR No. 26 Professional Accounting Standards : Adoption of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Bureau (IASB), later amended by TR No. 29 approved by the FACPCE on December 3, 2010, whereby some entities which make a public offering of their securities will be obliged to prepare their financial statements in accordance with the IFRS, while the other entities (the Company among them) will be given the alternative of using IFRS, IFRS for SMEs, or the accounting standards issued by the FACPCE. This TR is effective for the financial statements corresponding to financial years starting on January 1, 2012, inclusive.

On December 7, 2012, the Business Organizations Bureau, issued Resolution 11/2012 approving the application of TR No. 26 and No. 29 for corporations under holding, holding corporations, subsidiaries or related to corporations which make public offering of their shares or debentures before the National Securities Commission.

On November 25, 2011, the FACPCE approved TR No. 31, which introduced amendments to TR Nos. 9, 11, 16 and 17, effective for the financial years started on January 1, 2012. The main amendments include : a) The assets' fair value measurement criterion was incorporated; b) The revaluation model was allowed for fixed assets and other assets not destined for sale; and c) The concepts, investment property and non-current assets held for sale, were included. To the date of issuing these financial statements, the Business Organizations Bureau had not approved TR No. 31.

On June 12, 2009, the FACPCE approved TR No. 27, which introduces some amendments to the existing TRs. This TR is effective for the financial statements starting from financial years January 1, 2011, inclusive. On the other hand, on October 1, 2010 and April 1, 2011, the FACPCE approved TR Nos. 28 and 30, respectively, which establish amendments to TR Nos. 8 and 16 on issues related to the impracticability of comparative information, and amendments to TR No. 17 on issues related to the order of priorities of standards that will have to be applied for matters not envisaged in the professional accounting standards other than TR No. 26. The TR No. 28 is effective for the financial years starting from October 1, 2010 and TR No. 30 for financial years starting on January 1, 2011.

The application of the above-mentioned Technical Resolutions has had no significant impact on these financial statements.

On November 30, 2012, the FACPCE approved TR No. 32 called 'Adoption of the International Auditing Standards', whose application is mandatory from financial years started on July 1, 2013, for the auditing of financial statements that must mandatorily be issued under the International Financial Reporting Standards (IFRS), in accordance to that established in TR No. 26 and the optional application for the rest of audits of financial information. Additionally, the FACPCE approved TR No. 33 'Adoption of the International Standard on Review Engagements by the IAASB of the IFAC', TR No. 34 'Adoption of the International Standard on Quality Control and Independence Standards', TR No. 35 'Adoption of the International Standards on Assurance Engagements and Related Services', and TR No. 37 'Standards on Auditing, Review, Other Assurance Engagements, Certification and Related Services'.

On June 12, 2013, the CPCECABA approved TR No. 36 called 'Professional Accounting Standards : Social Balance Sheet', issued by the FACPCE on November 30, 2012. This resolution will be effective for financial years starting from January 1, 2013.

On June 21, 2013, the FACPCE approved TR No. 38, which introduces some amendments to TR Nos. 29 and 26.

2.2 Consideration of the inflation effects

The existing professional accounting standards establish the discontinuation, from 1 October 2003, of the application of the restatement method in constant currency established by Technical Resolution No. 6, with amendments introduced by Technical Resolution No. 19, both issued by the FACPCE.

In October 2014, the FACPCE issued TR No. 39, whereby :

a. Certain macro-economic indicators were incorporated in the Argentinean Professional Accounting Standards (NCPA, by its acronym in Spanish), which set out the need to restate financial statements for the purpose of recognizing the inflation effects, thus amending Section 3.1 of TR 17;
b. Criteria were modified when resuming the inflation adjustment, whenever necessary, amending Section B.IV. III of TR 6.

Later, in December 2014, the Steering Board (SB) of the FACPCE approved SB resolution 735/13, which established the requirement to verify an indicator equal or higher than 100% accumulated in three years to consider that the macro-economic context presents such a level of inflation that it calls for the inflation adjustment. Such index is assessed on the basis of the Domestic Wholesale Price Index (DWPI) published by the National Institute of Statistics and Census (INDEC - its acronym in Spanish).

The CPCE (Professional Council of Economic Sciences) has approved TR No. 39 and the interpretation of FACPCE SB has approved Resolution 735/11.

To the date of these financial statements, the stated index has not reached the required quantity to proceed to restate the financial statements on account of inflation.

Consequently, these financial statements have not been inflation-adjusted, and the constant currency was used as the nominal currency.

2.3 Accounting measurement criteria

The main accounting measurement criteria used for the preparation of the financial statements are :

a. Cash and banks

At nominal value.

b. Receivables and payables

In national currency : Their accounting measurement has been obtained in accordance with the estimation of the collect / pay amount by calculating the amount subtracted from the cash flows that these receivables and payables will create, using implicit, explicit or market rates, as applicable, in force at the time of each transaction.

In foreign currency : They have been valued as described in the above paragraph, and converted into the existing exchange rates at the closing of the financial year for the payment of these operations. Differences from exchange rates were allocated to the income of the financial year. See composition in Annexure II.

The receivables and payables whose accounting measurement does not significantly differ from their discounted value, calculated as described in above paragraph, have been computed at their nominal value.

c. Fixed assets

At their net purchase cost of the corresponding accumulated amortization, proportionately calculated on the basis of the estimated lifespan of assets.

The value of the fixed assets, jointly considered, is no higher than their recoverable value.

d. Net shareholders equity accounts

At their nominal value.

e. Income Statement accounts

At their nominal value.

f. Income tax and minimum presumptive income tax

The Company's Management determines the income tax by applying the existing 35% rate on the taxable earnings of each financial year. In accordance with the existing accounting standards, the Company determines the accounting income tax charge by the deferred tax method, which consists of recognizing (as receivable or payable) the tax effect of temporary differences between the accounting and the tax value of assets and liabilities, defined at the existing 35% rate established by the law, and its subsequent allocation to income of the financial statements where their reversal is made. Whenever accumulated tax losses are likely to reduce future tax benefits, or when the deferred tax resulting from the temporary differences is an asset, such receivables are accounted to the extent to which the Company's Management considers they are likely to be used.

The income tax is determined on the basis of historical income, by virtue of applying Section 39 of Act 24,073, published in the Official Bulletin on April 13, 1992, which established the applicable indexes and rates for amount updates envisaged under Act 11,683, Tax Procedures should be considered as the top limit for variations that have occurred until the month of March 1992, inclusive.

The Minimum Presumptive Income Tax was established by Act 25,063, published in the Official Bulletin on 30 December 1998, effective for financial years from December 31, 1998. This tax is supplementary to the income tax, given that, while the latter is applied to the taxable earnings of the financial year, the Minimum Presumptive Income Tax is a minimum taxation which levies the potential revenue from certain productive assets of the Company, valued in accordance with the legal provisions in force, by applying the 1% rate, so that the Company's tax liability will be the same as the highest of both taxes. However, if the Minimum Presumptive Income Tax exceeds during a financial year, such excess can be computed as payment on account of any income tax exceeding the Minimum Presumptive Income Tax that might result in any of the following ten financial years.

2.4 Comparative information

According to that established by TR No. 8 by the FACPCE on General Accounting Reporting Standards, the Company presents the accounting information in a comparative format with the previous financial year.

Note 3: Breakdown of main items

The composition of the main items of the General Balance Sheet and the Income Statement at the closing of each financial year is as follows:

in Pesos

	Particulars	December 31, 2016
3.a	Cash and banks	
	Cash	11,000
	Banks	8,784,900
	Amounts to deposit	–
		8,795,900
3.b	Accounts receivables for services	
	Account receivables (See Annexure II)	14,406,670
	Accounts receivables for services – Inter-company	–
	Work in progress (See Annexure II)	–
		14,406,670

in Pesos

		2016
3.c	Other receivables	
	Current:	
	Value added tax	509,096
	Turnover tax	969,206
	Income tax	–
	Insurance charges accruable	13,901
	Other receivables	151,051
		1,643,254
	Non-current:	
	Minimum presumptive income tax	–
	Warranty deposit	328,114
	Net deferred tax (Note 7)	3,644,217
		3,972,331
3.d	Accounts payables	
	Domestic suppliers	231,044
	Suppliers from abroad	12,093,149
	Accrual others	615,899
		12,940,092
3.e	Salaries and social security charges	
	Salaries to be paid	–
	Social security charges payable	662,672
	Bonus accrual	474,864
	Vacations accrual	771,488
		1,909,024
3.f	Fiscal charges	
	Minimum presumptive income tax accrual	–
	Income tax accrual	4,729,603
	Personal property tax accrual	46,652
	VAT payable	–
	Income tax with holdings payable	218,884
		4,995,139

in Pesos

		March 31, 2015
		Income
3.g	Financial results, net	
	Exchange rate differences, net	449,506
		449,506

Note 4. Due dates and interest rates of receivables and payables

Classification of the balance of receivables and payables into the following categories:

in Pesos

Receivables:	March 31, 2016
Expiring in	
From 0 to 3 months	16,036,023
From 3 to 6 months	13,901
From 6 to 9 months	–
From 9 to 12 months	–
Over 12 months	328,114
No established expiration date	3,644,217
Total	20,022,255

Payables: Expiring in	
From 0 to 3 months	2,974,851
From 3 to 6 months	4,776,255
From 6 to 9 months	–
Over 12 months	–
No established expiration date	12,093,149
Total	19,844,255

b. Receivables and payables do not accrue interest.

Note 5: Share capital

On January 10, 2013, the limited liability corporation was incorporated with an initial capital contribution by the shareholders of $ 2,000,000/- - registered in the Business Organizations Bureau (BOB) on February 5, 2013, under No. 1,125 of Book 140.

On October 31, 2013, as per Minutes No. 2 of the shareholders meeting, a decision was made to increase the capital by $ 900,000/-, from $ 2,000,000/- to $ 2,900,000/-. This capital increase has brought about an amendment to the Acts of Incorporation, which was inscribed at the BOB on February 28, 2014, under No. 3624 of Book 67.

Furthermore, on June 2, 2014, as per Minutes No. 3 of the shareholders meeting, the decision was made to increase the capital by $ 1,190,000/-, from $ 2,900,000/- to $ 4,090,000/. This capital increase has brought about an amendment to the Acts of Incorporation, which was inscribed at the BOB on September 23, 2014, under No. 8243 of Book 144.

On September 9, 2014, as per Minutes No. 5 of the shareholders meeting, the decision was made to increase the capital by $ 2,070,000/-, from $ 4,090,000/- to $ 6,160,000/, bringing the amendment to the Acts of Incorporation, which was inscribed at the BOB on January 29, 2015, under No. 750 of Book 145.

Lastly, on March 9, 2015, as per Minutes No. 6 of the shareholders meeting, the decision was made to increase the capital by $ 2,700,000/-, from $ 6,160,000/- to $ 8,860,000/, bringing the amendment to the Acts of Incorporation, which was inscribed at the BOB on October 20, 2015, under No. 9368 of Book 147.

At December 31, 2016, the capital issued, subscribed, registered and paid-in amounted to $ 8,860,000/-

At the closing of the financial year, the distribution of holding in the Company was as follows:

Shareholders	Percentage of Holding
Infosys Consulting Holding AG	93.79%
Infosys Consulting AG	6.21%
	100%

Note 6: Subsequent events

No events or operations had incurred between the date of closing of the financial year and the date of issuance of these financial statements, which might significantly affect the equity and financial status of the Company as at December 31, 2016, nor the income of the financial year ended on that date.

Note 7: Income tax

The reconciliation between the income tax charge to income corresponding to the financial year ended on December 31, 2016, and that which would result from applying the existing tax rate to the net pre-income tax profits that appears in the Income Statement is as follows:

Notes to the financial statements as at December 31, 2016

in Pesos

Particulars	2016
Net pre-income tax profits of financial year	7,679,998
Existing tax rate	35%
Net pre-income tax profits of the financial year at the existing tax rate	2,688,000
Permanent differences	740,969
Income tax charge	3,428,969

Furthermore, the movement of assets from deferred taxes corresponding to the financial year ended on December 31, 2016 is as follows:

Particulars	2016
Depreciation of fixed assets	(6,472)
Sundry	2,269,150
Tax loss	–
Total	2,262,678

Annexure I

Composition and changes of fixed assets at December 31, 2016

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos

Particulars	Acquisition costs				Depreciations				
	At year-start	Increases	Decreases	At year-end	Accumulated at year-start	Decreases	Of financial year	Accumulated at year-end	Net resulting amount
Furniture and Fixtures	184,350	67,086	–	251,436	51,629	–	86,969	138,598	112,838
Computer equipment	443,255	163,032	–	606,287	197,696	–	165,009	362,705	243,582
Total 2016	627,605	230,118	–	857,723	249,325	–	251,978	501,303	356,420
Total 2015	182,062	445,543	–	627,605	59,710	–	189,615	249,325	378,280

Annexure II

Assets and liabilities in foreign currency at December 31, 2016

Comparative with previous financial year *(Refer to Note 2.4)*

in Pesos

Particulars	Foreign currency		Legal tender as at December 31,		
	Class	Quantity	2016	2016	2015
ASSETS					
CURRENT ASSETS					
Accounts receivables for services					
Accounts receivables	US $	246,308	15.79	3,889,203	1,286,391
Accounts receivables	GB £	326,845	19.5481	6,389,199	–
Total current assets				10,278,402	1,286,391
NON-CURRENT ASSETS					
Warranty deposit	US $	15.840	15.79	250,114	204,970
Total non-current assets				250,114	204,970
Total assets				10,528,516	1,491,361
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable					
Domestic suppliers	US $	–	15.79	–	69,689
Suppliers from abroad	GB £	5,971,45	16.7703	100,143	1,654,032
Suppliers from abroad	EUR	534,802	19.5648	10,463,294	19,138
Suppliers from abroad	BRL	150	4.8877	734	15,962
Suppliers from abroad	CHF	97,974,36	15.6059	1,528,978	683,586
Total current liabilities				12,093,149	2,442,407
Total liabilities				12,093,149	2,442,407

US $: United States Dollars, GB £ : Sterling Pound, EUR : Euro, BRL : Real, CHF : Swiss Francs

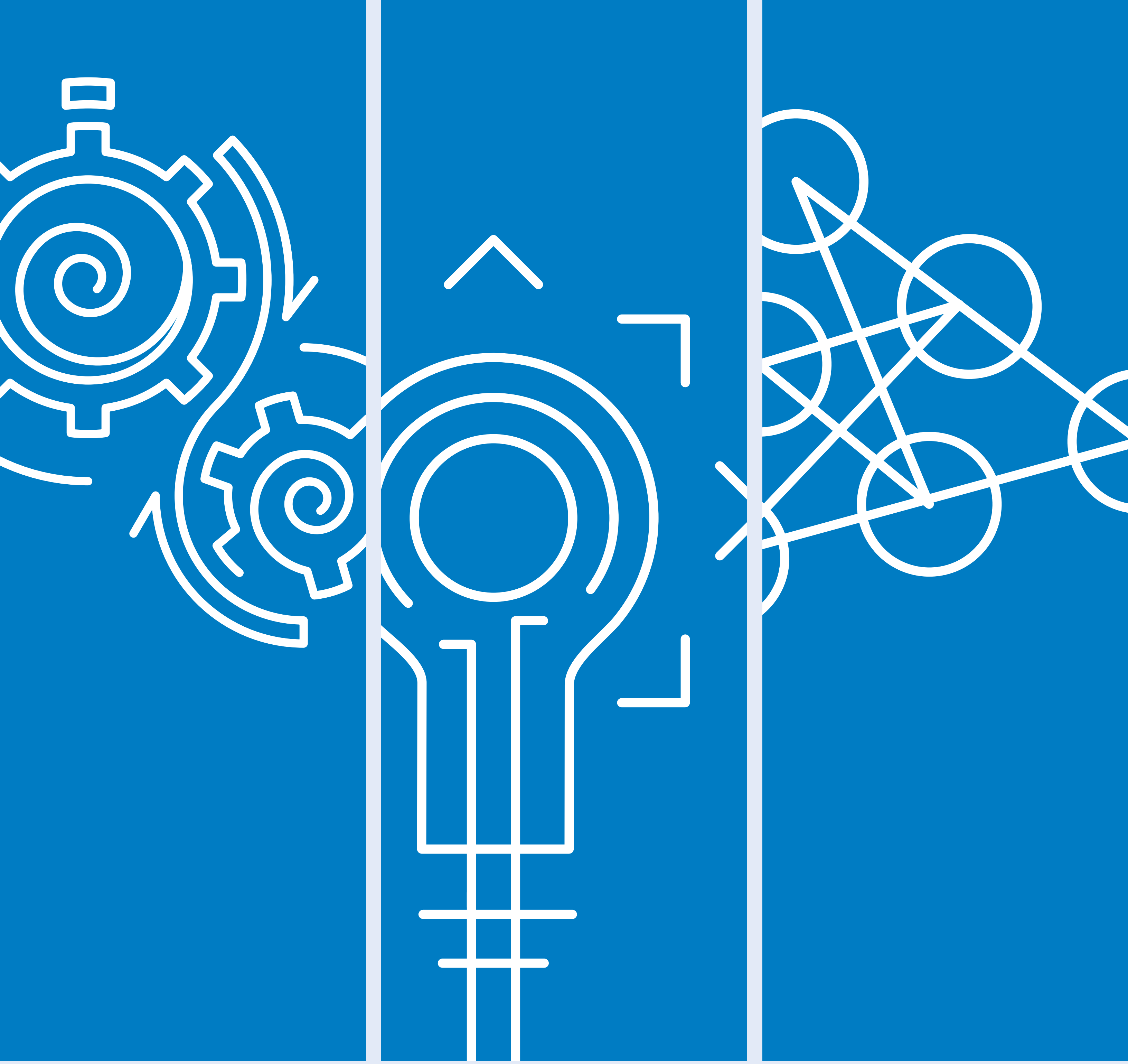
Annexure III

Information required by Section 64, Item no. 1, Sub-item b of Act No. 19,550 for the financial year ended December 31, 2016

Comparative with previous financial year *(Refer to Note 2.4)*

n Pesos

Account	Cost of services	Marketing expenses	Administrative expenses	2016	2015
Salaries	9,582,818	4,166,310	1,534,474	15,283,602	12,472,076
Social security contributions	2,247,607	977,190	359,904	3,584,701	3,035,913
Personnel expenses			137,130	137,130	51,255
Cost of services	10,174,837	–	–	10,174,837	3,779,101
Depreciation and maintenance of fixed assets			395,365	395,365	245,860
Taxes, rates and fines		–	1,548,333	1,548,333	549,176
Fees for services			3,010,674	3,010,674	1,622,282
Travel expenses		–	1,697,079	1,697,079	1,230,524
Rentals and expenses		–	3,980,639	3,980,639	1,875,874
Communication expenses		–	253,453	253,453	144,320
Bank charges and insurances		–	895,127	895,127	340,407
Office expenses		–	253,453	597,286	294,380
Total as at March 31, 2016	22,005,262	5,143,500	14,409,464	41,558,226	–
Total as at March 31, 2016	13,502,610	4,227,478	7,911,080	–	25,641,168



Lodestone Management Consultants Portugal, Unipessoal, Lda

Independent Auditors' Report

To the Members of Lodestone Management Consultants Portugal, Unipessoal, Lda

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lodestone Management Consultants Portugal, Unipessoal, Lda ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.2	–	–	–
Financial assets				
Loans	2.3	–	27,60,682	2,01,65,960
Income tax assets, net	2.13	–	20,82,645	16,54,418
Total non-- current Assets		–	48,43,327	2,18,20,378
CURRENT ASSETS				
Financial assets				
Trade receivables	2.4	1,21,10,332	3,14,59,712	2,70,62,818
Cash and cash equivalents	2.5	1,29,70,143	51,58,710	11,65,703
Loans	2.3	44,69,449	43,87,110	11,56,609
Other current assets	2.6	4,90,100	2,88,003	4,23,033
Total current assets		3,00,40,024	4,12,93,535	2,98,08,163
Total Assets		3,00,40,024	4,61,36,862	5,16,28,541
EQUITY AND LIABILITIES				
Equity				
Equity share capital		4,86,00,885	4,86,00,885	4,86,00,885
Other equity		(8,61,29,557)	(7,26,41,162)	(5,37,77,619)
Total equity		(3,75,28,672)	(2,40,40,277)	(51,76,734)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2.8	1,45,09,998	2,16,45,446	–
Total non-- current liabilities		1,45,09,998	2,16,45,446	–
Current liabilities				
Financial liabilities				
Trade payables	2.10	1,44,212	33,08,711	1,33,06,726
Other financial liabilities	2.9	2,71,60,855	2,57,48,708	2,42,22,839
Other current liabilities	2.11	39,21,175	47,83,277	78,89,817
Income tax liabilities, net	2.13	2,18,32,456	1,46,90,997	1,13,85,893
Total current liabilities		5,30,58,698	4,85,31,693	5,68,05,275
Total equity and liabilities		3,00,40,024	4,61,36,862	5,16,28,541

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Lodestone Management Consultants Portugal, Unipessoal, Lda

Peter Fischer
Director

Statement of Profit and Loss

in ₹, except per equity share data

Particulars	Note	Year ended December 31	
		2016	2015
Revenue from operations	2.14	13,92,32,501	20,42,34,299
Other income, net	2.15	4,15,939	(13,78,479)
Total income		13,96,48,440	20,28,55,820
Expenses			
Employee benefit expenses	2.16	9,12,13,263	14,18,48,196
Travel expenses		4,62,57,473	6,73,95,946
Communication expenses		26,55,194	28,68,520
Consultancy and professional charges		27,48,255	44,27,958
Finance cost		1,72,009	12,564
Other expenses	2.16	5,31,433	4,70,314
Total expenses		14,35,77,627	21,70,23,498
Profit / (loss) before tax		(39,29,187)	(1,41,67,678)
Tax expense			
Current tax	2.13	98,13,573	39,12,485
Profit / (loss) for the period		(1,37,42,760)	(1,80,80,163)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		2,54,365	(7,83,380)
Total other comprehensive income, net of tax		2,54,365	(7,83,380)
Total comprehensive income for the period		(1,34,88,395)	(1,88,63,543)

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Lodestone Management Consultants Portugal, Unipessoal, Lda

Peter Fischer
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserve and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	4,86,00,885	(5,60,53,102)	22,75,483	(51,76,734)
Changes in equity for the year ended December 31, 2015				
Currency translation	–		(7,83,380)	(7,83,380)
Loss for the period	–	(1,80,80,163)	–	(1,80,80,163)
Balance as of December 31, 2015	4,86,00,885	(7,41,33,265)	14,92,103	(2,40,40,277)
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	2,54,365	2,54,365
Loss for the period	–	(1,37,42,760)	–	(1,37,42,760)
Balance as of December 31, 2016	4,86,00,885	(8,78,76,025)	17,46,468	(3,75,28,672)

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Lodestone Management Consultants Portugal, Unipessoal, Lda

Peter Fischer
Director

Statement of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT / (LOSS) FOR THE PERIOD	(1,37,42,760)	(1,80,80,163)
Adjustments to reconcile net profit to net cash provided by operating activities		
Interest on loan from holding	1,72,009	12,564
Income tax expense	98,13,573	39,12,485
Exchange differences on translation of assets and liabilities	6,49,908	(7,83,380)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,93,49,380	(43,96,894)
Loans and other financial assets and other assets	(2,02,097)	1,35,030
Trade payables	(31,64,499)	(99,98,015)
Other financial liabilities, other liabilities and provisions	5,50,045	(15,80,671)
Cash generated from operations	1,34,25,559	(3,07,79,044)
Income taxes paid	(5,89,469)	(10,35,608)
NET CASH GENERATED BY OPERATING ACTIVITIES	1,28,36,090	(3,18,14,652)
CASH FLOW FROM INVESTING ACTIVITIES		
Loans to employees	26,78,343	1,41,74,777
NET CASH USED IN INVESTING ACTIVITIES	26,78,343	1,41,74,777
CASH FLOW FROM FINANCING ACTIVITIES		
Interest on loan	–	(12,564)
Loan taken from subsidiary	(77,03,000)	2,16,45,446
NET CASH USED IN FINANCING ACTIVITIES	(77,03,000)	2,16,32,882
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	78,11,433	39,93,007
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	51,58,710	11,65,703
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,29,70,143	51,58,710

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Lodestone Management Consultants Portugal, Unipessoal, Lda

Peter Fischer
Director

Significant accounting policies

Company overview

Lodestone Management Consultants Portugal, Unipessoal, Lda is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's reporting presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful life of assets is as follows:

Computer equipment[(1)]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(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 computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 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. The costs 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.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 the transaction.

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

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date, and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of exchange gain or loss on translation of other assets and liabilities.

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 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they are incurred.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Lodestone Management Consultants Portugal, Unipessoal, Lda for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016 :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	8,38,773	8,38,773
Additions	–	–
Deletions	–	–
Translation Difference	(5,234)	(5,234)
Gross carrying value as of December 31, 2016	8,33,539	8,33,539
Accumulated depreciation as of January 1, 2016	8,38,773	8,38,773
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation Difference	(5,234)	(5,234)
Accumulated depreciation as of December 31, 2016	8,33,539	8,33,539
Carrying value as of December 31, 2016	–	–
Carrying value as of January 1, 2016	–	–

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015 :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2015	8,90,884	8,90,884
Additions	–	–
Deletions	–	–
Translation Difference	(52,111)	(52,111)
Gross carrying value as of December 31, 2015	8,38,773	8,38,773
Accumulated depreciation as of January 1, 2015	8,90,884	8,90,884
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation Difference	(52,111)	(52,111)
Accumulated depreciation as of December 31, 2015	8,38,773	8,38,773
Carrying value as of December 31, 2015	–	–
Carrying value as of January 1, 2015	–	–

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
NON- CURRENT			
Unsecured, considered good			
Other Loans			
Loans to employees	–	27,60,682	2,01,65,960
	–	27,60,682	2,01,65,960
CURRENT			
Unsecured, considered good			
Other Loans	–	–	11,56,609
Loans to employees	44,69,449	43,87,110	–
	44,69,449	43,87,110	11,56,609
Total Loans	44,69,449	71,47,792	2,13,22,569

2.4 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
CURRENT			
Unsecured			
Considered good[1]	1,21,10,332	3,14,59,712	2,70,62,818
Considered doubtful	–	–	–
	1,21,10,332	3,14,59,712	2,70,62,818
Less : Allowances for credit losses	–	–	–
	1,21,10,332	3,14,59,712	2,70,62,818
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.17)*	1,21,10,332	3,14,59,712	2,70,62,818

2.5 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current and deposit accounts	1,29,70,143	51,58,710	11,65,703
	1,29,70,143	51,58,710	11,65,703

2.6 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	4,90,100	2,88,003	4,23,033
Total other assets	4,90,100	2,88,003	4,23,033

2.7 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in ₹

Particulars	As of		
	December 31,		January 1,
	2016	2015	2015
Assets:			
Cash and cash equivalents *(Refer to Note 2.5)*	1,29,70,143	51,58,710	11,65,703
Trade receivables *(Refer to Note 2.4)*	1,21,10,332	3,14,59,712	2,70,62,818
Loans *(Refer to Note 2.3)*	44,69,449	43,87,110	11,56,609
Total	2,95,49,924	4,10,05,532	2,93,85,130
Liabilities:			
Borrowings *(Refer to Note 2.8)*	1,45,09,998	2,16,45,446	–
Trade payables *(Refer to Note 2.10)*	1,44,212	33,08,711	1,33,06,726
Other financial liabilities *(Refer to Note 2.9)*	1,23,25,988	61,35,534	1,01,52,041
Total	2,69,80,198	3,10,89,691	2,34,58,767

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 1,21,10,332 and ₹ 3,14,59,712 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables are derived from revenue earned from companies within the group and no credit risk is perceived.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, and the cash flow that is generated from operations. The Company has taken loan from its parent company to meet its working capital requirement.

As of December 31, 2016, the Company had cash equivalents of ₹ 1,29,70,143. As of December 31, 2015, the Company had cash and cash equivalents of ₹ 51,58,710.

2.8 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured loan from parent company	1,45,09,998	2,16,45,446	–
Total borrowings	1,45,09,998	2,16,45,446	–

2.9 Other financial liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	30,28,616	26,99,348	39,00,533
Accrued expenses [(1)]	66,94,696	34,36,186	–
Compensated absences	1,48,34,867	1,96,13,174	1,40,70,798
Salary Advance and Other payables [(2)]	26,02,676	–	62,51,508
	2,71,60,855	2,57,48,708	2,42,22,839
Total financial liabilities	2,71,60,855	2,57,48,708	2,42,22,839
Financial liability carried at amortized cost	1,23,25,988	61,35,534	1,01,52,041
[(1)] Includes dues to fellow subsidiaries *(Refer to Note 2.17)*	3,23,350	–	–
[(2)] Includes dues to fellow subsidiaries *(Refer to Note 2.17)*	21,18,942	–	22,97,700

2.10 Trade Payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	1,44,212	33,08,711	1,33,06,726
	1,44,212	33,08,711	1,33,06,726
[1] Includes dues to fellow subsidiaries *(Refer to Note 2.17)*	1,44,212	30,51,996	1,32,03,100

2.11 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	39,21,175	47,83,277	78,89,817
	39,21,175	47,83,277	78,89,817

2.12 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity shares of EUR 700,000/- par value	4,86,00,885	4,86,00,885	4,86,00,885
Issued, subscribed and paid-up			
Equity shares of EUR 700,000/- par value	4,86,00,885	4,86,00,885	4,86,00,885
(wholly-owned by Infosys Consulting Holding AG)	4,86,00,885	4,86,00,885	4,86,00,885

2.13 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	98,13,573	39,12,485
Income tax expense	98,13,573	39,12,485

Current tax expense for the year ended December 31, 2016 and December 31, 2015 includes provisions amounting to ₹72,96,028 and nil respectively pertaining to prior periods

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	(39,29,187)	(1,41,67,678)
Enacted tax rates in Portugal	22.50%	22.50%
Computed expected tax expense	(8,84,067)	(31,87,728)
Overseas taxes	25,17,545	39,12,485
Tax provision	72,96,028	–
Effect of unrecognized deferred tax assets	8,84,067	31,87,727
Income tax expense	98,13,573	39,12,484

The applicable Portugal statutory tax rate for fiscal 2017 and 2016 is 22.5%.

The following table provides the details of income tax assets and income tax liabilities.

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	20,82,645	16,54,418
Current income tax liabilities	2,18,32,456	1,46,90,997	1,13,85,893
Net current income tax assets / (liability) at the end	(2,18,32,456)	(1,26,08,352)	(97,31,475)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(1,26,08,352)	(97,31,475)
Income tax paid	5,89,469	10,35,608
Current income tax expense	(98,13,573)	(39,12,485)
Net current income tax asset / (liability) at the end	(2,18,32,456)	(1,26,08,352)

2.14 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	13,92,32,501	20,42,34,299
	13,92,32,501	20,42,34,299

2.15 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	40,257	(15,80,486)
Miscellaneous income, net	3,75,682	2,02,007
	4,15,939	(13,78,479)

2.16 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	9,11,13,870	14,16,75,750
Staff welfare	99,393	1,72,446
	9,12,13,263	14,18,48,196

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Brand and marketing	2,18,287	59,641
Rates and taxes	32,966	1,714
Others	2,80,180	4,08,959
	5,31,433	4,70,314

2.17 Related party transactions

List of related parties

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	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 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 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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*[3]	Australia
Infosys Consulting AG*(formerly Lodestone Management Consultants Pty Limited)*[3]	Australia
Lodestone Augmentis AG [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	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.
Infy Consulting B.V. (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
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]	
Panaya GmbH[11]	Germany
Panaya Pty Ltd[11][19]	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting AG	10,65,290	1,91,16,326	1,23,41,128
Infosys Consulting GmbH	74,52,424	64,67,654	1,30,79,771
Infy Consulting Company Ltd.	4,98,162	14,44,407	16,41,919
Lodestone Management Consultants Inc.	–	44,31,325	–
Infosys Consulting SAS	3,44,290	–	–
Infosys Consulting Sp. Z.o.o.	27,50,166	–	–
	1,21,10,332	3,14,59,712	2,70,62,818
Borrowings			
Infosys Consulting Holding AG [1]	1,45,09,998	2,16,45,446	–
	1,45,09,998	2,16,45,446	–
Trade payables			
Infosys Consulting Sp. Z.o.o.	53,677	4,46,391	1,35,142
Infy Consulting Company Ltd.	–	–	1,30,67,958
Infosys Consulting AG	90,535	26,05,605	–
	1,44,212	30,51,996	1,32,03,100
Other Payables			
Infosys Ltd.	77,243	–	–
Infy Consulting Company Ltd.	–	–	22,97,700
Infosys Consulting Sp. Z.o.o.	20,41,699	–	–
	21,18,942	–	22,97,700
Provision for Expense			
Infosys Ltd.	3,23,350	–	–
	3,23,350	–	–

[1] The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 1% per annum each, and is repayable at the discretion of the lender

The details of the related parties transactions entered into by the Company, are as follows:

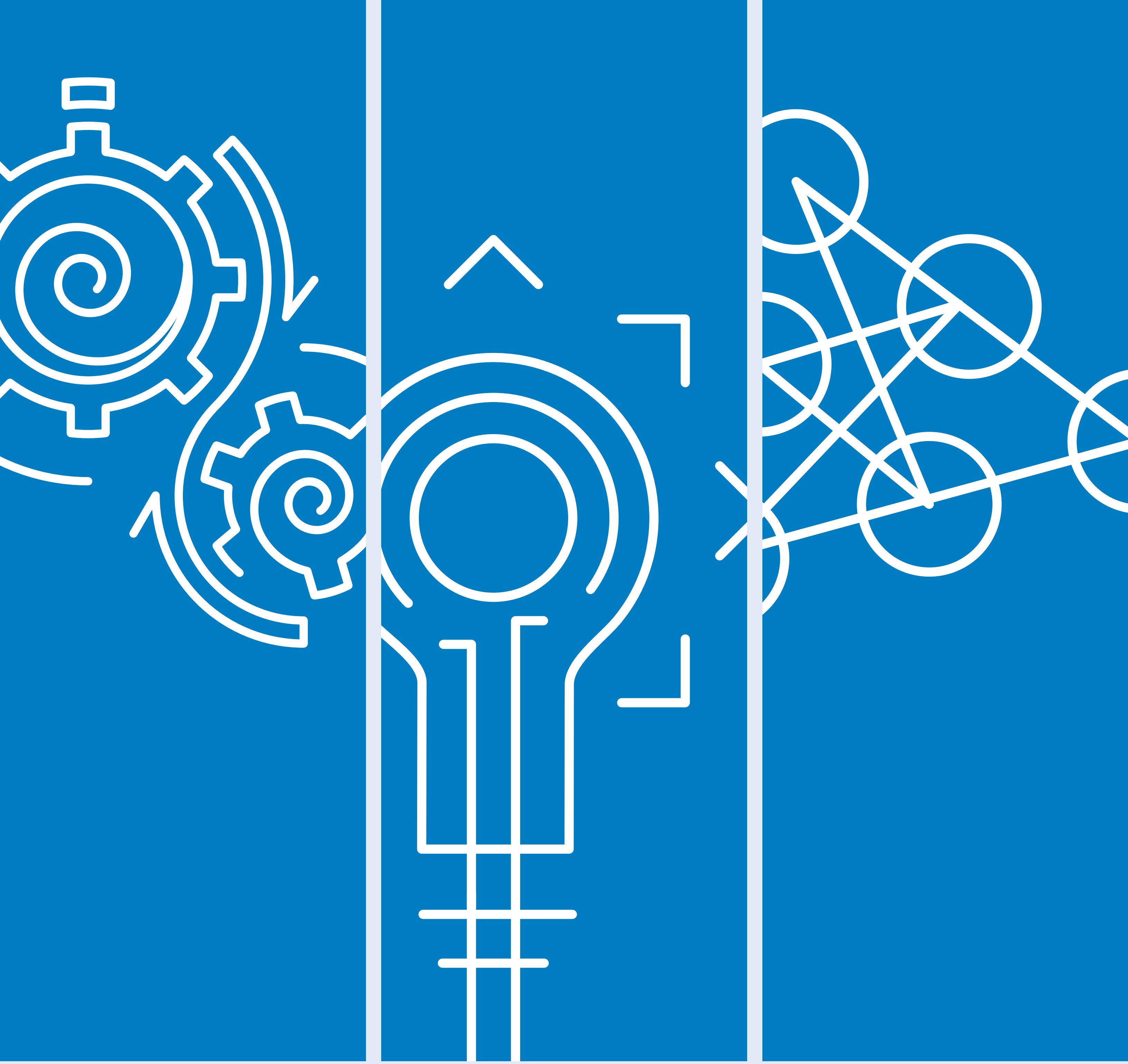
in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Interest expense		
Infosys Consulting Holding AG	1,72,009	12,564

Particulars	For the year ended December 31,	
	2016	2015
	1,72,009	12,564
Unsecured loan taken, net of repayment		
Infosys Consulting Holding AG	(71,35,448)	2,16,45,446
	(71,35,448)	2,16,45,446
Revenue transactions		
Purchase of services		
Infosys Consulting Sp. z.o.o.	1,64,421	3,13,994
Infosys Consulting AG	14,87,408	26,30,176
Infy Consulting Company Ltd.	–	10,585
	16,51,829	29,54,755
Sale of services		
Infosys Consulting AG	5,17,42,076	13,35,19,087
Infosys Consulting GmbH	5,30,01,004	3,98,74,282
Infy Consulting Company Ltd.	1,89,75,989	77,82,547
Lodestone Management Consultants Inc.	92,17,570	2,30,58,383
Infosys Consulting SAS	9,45,074	–
Infosys Consulting Sp. Z.o.o.	53,50,788	–
	13,92,32,501	20,42,34,299

2.18 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment Reporting'.



Infosys Consulting s.r.o.

Independent Auditors' Report

To the Members of Infosys Consulting s.r.o.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Consulting s.r.o. ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows and the changes in equity 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 :

i. 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;

ii. 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;

iii. the Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

iv. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2.2	2,33,397	4,30,859	–
Financial assets				
Loans	2.3	–	–	9,22,237
Income tax assets, net	2.13	22,44,587	–	–
Total non-current assets		24,77,984	4,30,859	9,22,237
CURRENT ASSETS				
Financial assets				
Trade receivables	2.5	47,23,153	6,25,82,182	95,33,502
Cash and cash equivalents	2.6	4,22,65,056	1,53,11,394	1,80,11,981
Other financial assets	2.4	1,07,053	41,111	57,788
Other current assets	2.7	4,43,528	3,39,573	3,69,667
Total current assets		4,75,38,790	7,82,74,260	2,79,72,938
Total assets		5,00,16,774	7,87,05,119	2,88,95,175
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2.12	7,89,777	7,89,777	7,89,777
Other equity		3,70,91,849	3,46,46,911	1,39,20,862
Total equity		3,78,81,626	3,54,36,688	1,47,10,639
LIABILITIES				
Current liabilities				
Financial liabilities				
Trade payables	2.10	29,772	24,64,617	–
Other financial liabilities	2.9	79,70,146	2,86,48,511	1,19,68,396
Other current liabilities	2.11	16,58,844	83,12,639	21,72,548
Income tax liabilities, net	2.13	24,76,386	38,42,664	43,592
Total current liabilities		1,21,35,148	4,32,68,431	1,41,84,536
Total equity and liabilities		5,00,16,774	7,87,05,119	2,88,95,175

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 s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 10, 2017

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	As at December 31,	
		2016	2015
Revenue from operations	2.14	8,05,72,583	16,45,72,473
Other income, net	2.15	(10,30,526)	(87,104)
Total income		7,95,42,057	16,44,85,369
Expenses			
Employee benefit expenses	2.16	4,55,68,223	8,10,19,891
Travel expenses		1,71,72,063	4,34,60,942
Communication expenses		16,34,106	20,20,038
Consultancy and professional charges		57,59,313	91,12,820
Depreciation	2.2	2,09,108	1,52,912
Other expenses	2.16	4,65,222	9,62,955
Total expenses		7,08,08,035	13,67,29,558
PROFIT BEFORE TAX		87,34,022	2,77,55,811
Tax expense			
Current tax	2.13	56,42,665	62,46,049
Deferred tax	2.13	–	–
PROFIT FOR THE PERIOD		30,91,357	2,15,09,762
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(6,46,419)	(7,83,713)
Total other comprehensive income, net of tax		(6,46,419)	(7,83,713)
Total comprehensive income for the period		24,44,938	2,07,26,049
EARNINGS PER EQUITY SHARE			
Equity shares of par value CZK 1/- each			
Basic and diluted (₹)		15.46	107.55
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		2,00,000	2,00,000

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 s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 10, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and surplus		Other comprehensive income	
		Retained earnings	Other reserves	Exchange differences on translation	
Balance as of January 1, 2015	7,89,777	1,46,02,206	58,464	(7,39,808)	1,47,10,639
Changes in equity for the year ended December 31, 2015					
Currency translation				(7,83,713)	(7,83,713)
Profit for the period	–	2,15,09,762	–	–	2,15,09,762
Balance as of December 31, 2015	7,89,777	3,61,11,968	58,464	(15,23,521)	3,54,36,688
Balance as of January 1, 2016	7,89,777	3,61,11,968	58,464	(15,23,521)	3,54,36,688
Changes in equity for the year ended December 31, 2016					
Currency translation	–	–	–	(6,46,419)	(6,46,419)
Profit for the period	–	30,91,357	–	–	30,91,357
Balance as of December 31, 2016	7,89,777	3,92,03,325	58,464	(21,69,940)	3,78,81,626

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 s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 10, 2017

Cash Flow Statement

in ₹

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	30,91,357	2,15,09,762
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	2,09,108	1,52,912
Income tax expense	56,42,665	62,46,049
Allowance for credit losses on financial assets	486	–
Interest and dividend income	(4,076)	(565)
Exchange differences on translation of assets and liabilities	(6,58,065)	(8,05,803)
Changes in assets and liabilities		
Trade receivables	5,78,58,543	(5,30,48,680)
Loans and other financial assets and other assets	(1,69,897)	46,771
Trade payables	(24,34,845)	24,64,617
Other financial liabilities and other liabilities	(2,73,32,160)	2,28,20,206
Cash generated from / (used in) operations	3,62,03,116	(6,14,731)
Income taxes paid	(92,53,530)	(24,46,977)
NET CASH GENERATED BY / (USED IN) OPERATING ACTIVITIES	2,69,49,586	(30,61,708)
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment net of sale proceeds	–	(5,61,681)
Loans to employees	–	9,22,237
Interest and dividend received on investments	4,076	565
NET CASH USED IN INVESTING ACTIVITIES	4,076	3,61,121
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		–
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,69,53,662	(27,00,587)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,53,11,394	1,80,11,981
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,22,65,056	1,53,11,394

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 s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 10, 2017

Significant accounting policies

Company overview

Infosys Consulting s.r.o. is a wholly-owned subsidiary of Infosys Consulting 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presemtation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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, allowances for credit losses, future obligations under employee benefit plans, income taxes and the useful lives of property, plant and equipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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

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 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 recognizes any impairment loss on the assets associated with that contract.

1.8 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [1]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[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 computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 Financial instruments

1.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.9.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.11 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.12 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Czech Krona. These financial statements are presented in Indian rupees.

Transactions and translations

Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities.

1.17 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.

1.18 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 the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Consulting s.r.o. for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind- AS

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	5,92,488	5,92,488
Additions	–	–
Translation differences	(4,438)	(4,438)
Gross carrying value as of December 31, 2016	5,88,050	5,88,050
Accumulated depreciation as of January 1, 2016	(1,61,629)	(1,61,629)
Depreciation	(2,09,108)	(2,09,108)
Translation differences	16,084	16,084
Accumulated depreciation as of December 31, 2016	(3,54,653)	(3,54,653)
Carrying value as of December 31, 2016	2,33,397	2,33,397
Carrying value as of January 1, 2016	4,30,859	4,30,859

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2015	6,081	6,081
Additions	5,61,681	5,61,681
Translation differences	24,726	24,726
Gross carrying value as of December 31, 2015	5,92,488	5,92,488
Accumulated depreciation as of January 1, 2015	(6,081)	(6,081)
Depreciation	(1,52,912)	(1,52,912)
Translation differences	(2,636)	(2,636)
Accumulated depreciation as of December 31, 2015	(1,61,629)	(1,61,629)
Carrying value as of December 31, 2015	4,30,859	4,30,859
Carrying value as of January 1, 2015	–	–

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured, considered good			
Loans to employees	–	–	9,22,237
	–	–	9,22,237
Total Loans	–	–	9,22,237

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Rental deposits [(1)]	40,803	41,111	42,805
Others [(1)]	66,250		14,983
Total	1,07,053	41,111	57,788
[(1)] Financial assets carried at amortized cost	1,07,053	41,111	57,788

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good [(1)]	47,23,153	6,25,82,182	95,33,502
	47,23,153	6,25,82,182	95,33,502
[(1)] Includes dues from fellow subsidiaries *(Refer to Note 2.19)*	47,23,148	3,80,76,104	95,33,502

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	4,22,65,056	1,53,11,394	1,80,11,981
	4,22,65,056	1,53,11,394	1,80,11,981

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	36,024	81,379	1,00,835
Withholding taxes and others	4,07,504	2,58,194	2,68,832
Total other assets	4,43,528	3,39,573	3,69,667

2.8 Financial instruments

The carrying value of financial instruments were as follows:

in ₹

Particulars	As at		
	December 31		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	4,22,65,056	1,53,11,394	1,80,11,981
Trade receivables *(Refer to Note 2.5)*	47,23,153	6,25,82,182	95,33,502
Loans *(Refer to Note 2.3)*	–	–	9,22,237
Other financial assets *(Refer to Note 2.4)*	1,07,053	41,111	57,788
Total	4,70,95,262	7,79,34,687	2,85,25,508
Liabilities			
Trade payables *(Refer to Note 2.10)*	29,772	24,64,617	–
Other financial liabilities *(Refer to Note 2.9)*	61,39,266	2,47,35,719	88,32,498
Total	61,69,038	2,72,00,336	88,32,498

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is from trade receivables amounting to ₹47,23,153 and ₹6,25,82,182 as of December 31, 2016 and December 31, 2015, respectively. Majority of trade receivables are derived from revenues earned from companies within the group. No credit risk is perceived.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

As of December 31, 2016, the Company had a working capital of ₹3,54,03,642 including cash and cash equivalents of ₹4,22,65,056. As of December 31, 2015, the Company had a working capital of ₹3,50,05,829 including cash and cash equivalents of ₹1,53,11,394.

2.9 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	31,51,297	67,44,298	50,07,805
Accrued expenses	13,75,489	27,65,733	14,85,854
Compensated absences	18,30,880	39,12,792	31,35,898
Other payables [1]	16,12,480	1,52,25,688	23,38,839
Total financial liabilities	79,70,146	2,86,48,511	1,19,68,396
Financial liability carried at amortized cost	61,39,266	2,47,35,719	88,32,498
[1] Includes dues to fellow subsidiaries and ultimate holding company *(Refer to note 2.18)*	45,583	1,24,73,687	–

2.10 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1, 2015
	2016	2015	
Trade payables [1]	29,772	24,64,617	
	29,772	24,64,617	–
[1] Includes dues to fellow subsidiaries *(Refer to Note 2.18)*	29,772	24,64,369	–

2.11 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	16,58,844	83,12,639	21,72,548
	16,58,844	83,12,639	21,72,548

2.12 Equity

Equity share capital

in ₹, except otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
200,000 (2,00,000) equity shares of CZK 1 par value	7,89,777	7,89,777	7,89,777
[Of the above, 200,000 (200,000) equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*]			
issued, subscribed and paid-up			
200,000 (2,00,000) equity shares of CZK 1 par value	7,89,777	7,89,777	7,89,777
[Of the above, 200,000 (200,000) equity shares are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*]			
	7,89,777	7,89,777	7,89,777

The details of shareholder holding more than 5% shares are as follows:

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG				
(formerly Lodestone Holding AG)	2,00,000	100	2,00,000	100

2.13 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	56,42,665	62,46,049
Income tax expense	56,42,665	62,46,049

Current tax expense for the year ended December 31, 2016 and December 31, 2015 includes provisions amounting to ₹3,654,766 and ₹562,009 respectively pertaining to previous periods

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	87,34,022	2,77,55,811
Enacted tax rates in Czech Republic	19.00%	19.00%
Computed expected tax expense	16,59,464	52,73,604
Tax provisions	36,54,766	5,62,009
Others	3,28,435	4,10,436
Income tax expense	56,42,665	62,46,049

The applicable Czech Republic statutory tax rate for fiscal 2017 and 2016 is 19%.

The following table provides the details of income tax assets and income tax liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	22,44,587	–	–
Current income tax liabilities	24,76,386	38,42,664	43,592
Net current income tax assets / (liability) at the end	(2,31,799)	(38,42,664)	(43,592)

The gross movement in the current income tax asset / (liability) is as follows :

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(38,42,664)	(43,592)
Income tax paid	92,53,530	24,46,977
Current income tax expense	(56,42,665)	(62,46,049)
Net current income tax asset / (liability) at the end	(2,31,799)	(38,42,664)

2.14 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	8,05,72,583	16,45,72,473
	8,05,72,583	16,45,72,473

2.15 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets-carried at amortized cost		
Deposit with bank and others	4,076	565
Exchange gains / (losses) on translation of other assets and liabilities	(10,45,519)	(87,676)
Miscellaneous income, net	10,917	7
	(10,30,526)	(87,104)

2.16 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	4,55,26,302	8,05,57,350
Staff welfare	41,921	4,62,541
	4,55,68,223	8,10,19,891

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Brand and marketing	1,40,564	2,58,340
Operating lease payments	1,47,132	2,41,222
Rates and taxes	58,550	1,66,417
Repairs and maintenance	16,032	2,23,611
Allowances for credit losses on financial assets	486	–
Others	1,02,458	73,365
	4,65,222	9,62,955

2.17 LEASES

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	1,47,132	2,41,222

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	92,188	60,306	73,567
Later than 1 year and not later than 5 years	–	–	–
Later than 5 years	–	–	–

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

2.18 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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 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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*(3)	Australia
Lodestone Augmentis AG (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Infosys Consulting Belgium (formerly 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 AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland

Name of subsidiaries	Country
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.
Infy Consulting B.V. (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 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][19]	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting AG	8,63,855	35,52,612	3,96,984
Lodestone Management Consultants Inc.	–	59,340	–
Infy Consulting Company Ltd.	8,68,581	5,73,569	–
Infosys Consulting SAS	–	86,18,395	34,79,825
Lodestone Management Consultants Sp. z.o.o.	4,17,834	–	–
Infosys Consulting GmbH	25,72,878	2,52,72,188	56,56,693
	47,23,148	3,80,76,104	95,33,502
Trade payables			
Infosys Consulting AG	–	24,29,587	–
Infosys Consulting GmbH	29,772	–	–
Lodestone Management Consultants Sp. z.o.o.	–	34,782	–
	29,772	24,64,369	–

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Other financial liabilities			
Infosys Consulting AG	–	1,06,80,000	–
Infosys Ltd.	45,583	–	–
Infosys Consulting GmbH	–	17,93,687	–
	45,583	1,24,73,687	–

The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions:		
Financing transactions		
Transfer of Fixed Assets		
Lodestone Management Consultants Sp. z.o.o.	–	5,61,681
	–	5,61,681
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants Sp. z.o.o.	1,85,950	3,44,982
Infosys Consulting GmbH	29,773	–
Infosys Consulting AG	14,66,558	24,56,886
	16,82,281	28,01,868
Sale of services		
Infosys Consulting SAS	–	50,08,091
Lodestone Management Consultants Inc.	–	8,09,112
Lodestone Management Consultants Sp. z.o.o.	18,32,526	–
Infy Consulting Company Ltd.	98,34,065	79,63,150
Infosys Consulting AG	40,43,561	1,97,28,579
Infosys Consulting GmbH	5,24,24,753	11,05,83,023
	6,81,34,905	14,40,91,955

2.19 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108 - 'Segment-reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment-reporting'.

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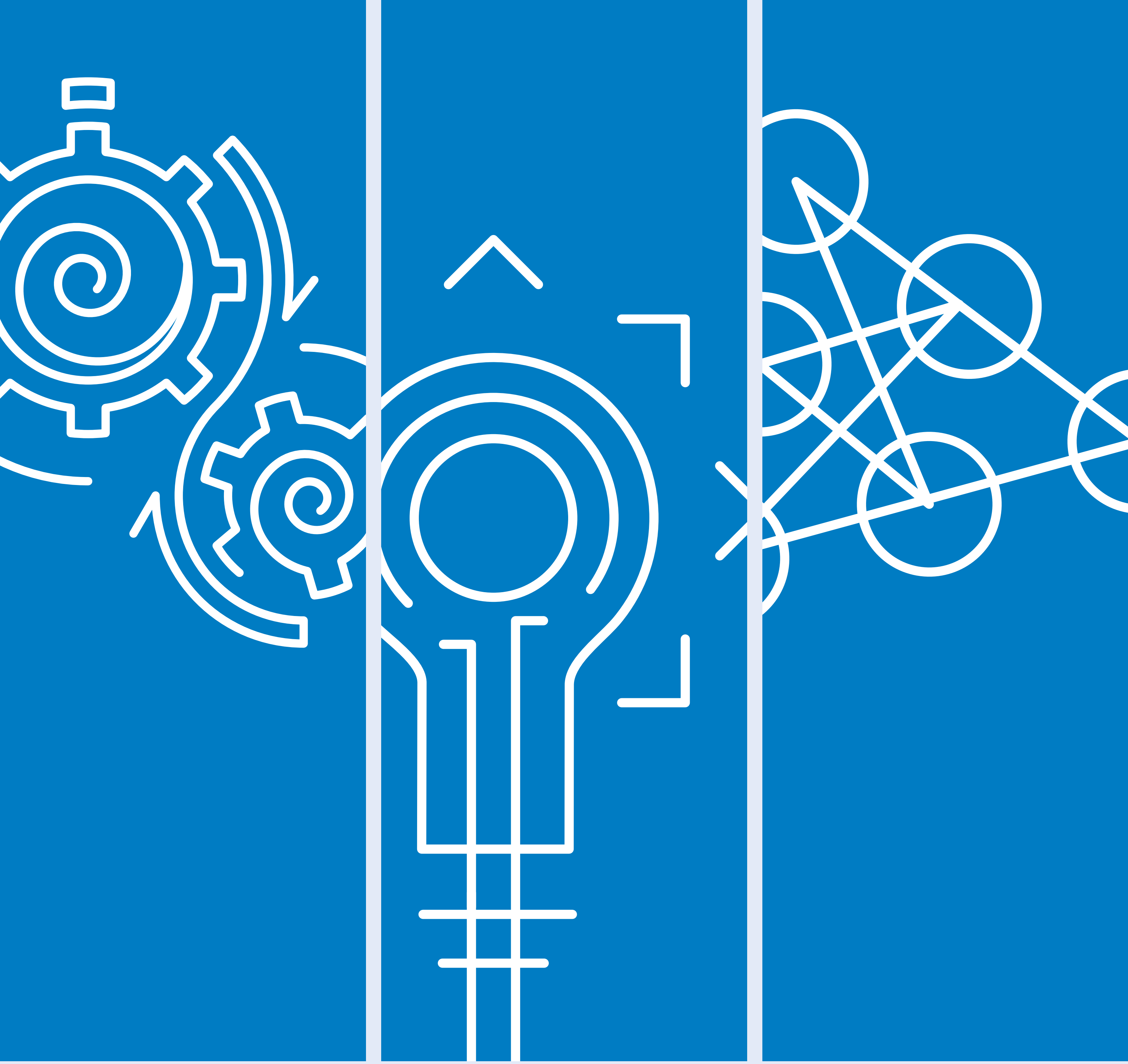


Panaya Japan Co. Ltd.

Independent Auditors' Report

To the Members of Panaya Japan Co. Ltd.

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Panaya Japan Co. Ltd ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies, and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 9, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	3,46,606	1,18,638	–
Total non-current assets		3,46,606	1,18,638	–
Current assets				
Financial assets				
Trade receivables	2.2	10,20,63,047	3,92,62,514	–
Cash and cash equivalents	2.3	43,39,355	26,77,598	26,21,069
Other financial assets	2.4	7,32,186	6,39,191	–
Other current assets	2.5	8,58,126	2,30,109	–
Total current assets		10,79,92,714	4,28,09,412	26,21,069
Total assets		10,83,39,320	4,29,28,050	26,21,069
EQUITY AND LIABILITIES				
Equity				
Equity share capital		29,43,000	29,43,000	29,43,000
Other equity		(1,71,31,981)	(2,11,55,284)	(2,14,26,706)
Total equity		(1,41,88,981)	(1,82,12,284)	(1,84,83,706)
Liabilities				
Current liabilities				
Financial liabilities				
Trade payables	2.8	2,90,552	3,14,855	–
Other financial liabilities	2.9	12,19,04,775	5,98,90,658	2,11,04,775
Income tax liabilities, net	2.10	3,32,974	9,34,821	–
Total current liabilities		12,25,28,301	6,11,40,334	2,11,04,775
Total equity and liabilities		10,83,39,320	4,29,28,050	26,21,069

The accompanying notes form an integral part of the 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

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.11	6,46,51,995	3,83,62,469
Other income, net	2.12	27,52,001	41,366
Total income		6,74,03,996	3,84,03,835
Expenses			
Employee benefit expenses	2.13	6,62,435	25,82,507
Travel expenses		7,34,815	4,06,224
Communication expenses		7,857	3,300
Consultancy and professional charges		3,37,25,645	2,09,55,706
Depreciation	2.1	1,52,680	14,687
Other expenses	2.13	2,63,90,741	1,23,89,522
Total expenses		6,16,74,173	3,63,51,946
Profit before tax		57,29,823	20,51,889
Tax expense			
Current tax	2.10	53,260	9,36,040
Profit for the period		56,76,563	11,15,849
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(16,53,259)	(9,39,220)
Total other comprehensive income, net of tax		(16,53,259)	(9,39,220)
Total comprehensive income for the period		40,23,304	1,76,629

The accompanying notes form an integral part of the 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

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other Equity			Other equity
		Reserves and surplus		Other comprehensive income	Total equity attributable to equity holders of the Company
		Securities premium reserve	Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	29,43,000	49,840	(2,42,98,619)	28,22,073	(1,84,83,706)
Changes in equity for the year ended December 31, 2015					
Addition to securities premium	–	94,792	–	–	94,792
Profit for the period	–	–	11,15,849		11,15,849
Currency translation				(9,39,219)	(9,39,219)
Balance as of December 31, 2015	29,43,000	1,44,632	(2,31,82,77)	18,82,854	(1,82,12,284)
Changes in equity for the year ended December 31, 2016					
Profit for the period	–	–	56,76,563	–	56,76,563
Currency translation	–	–	–	(16,53,260)	(16,53,260)
Balance as of December 31, 2016	29,43,000	1,44,632	(1,75,06,207)	2,29,594	(1,41,88,981)

The accompanying notes form an integral part of the 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

Abdul Razack
Director

Place : Bengaluru
Date : January 9, 2017

Statement of Cash Flows

in ₹

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	56,76,563	11,15,849
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	1,52,680	14,687
Income tax expense	53,260	9,36,040
Interest and dividend income	(274)	11
Other adjustments	(3,98,859)	(1,219)
Exchange differences on translation of assets and liabilities	(16,47,766)	(8,44,317)
CHANGES IN ASSETS AND LIABILITIES		
Trade receivables	(6,28,00,533)	(3,92,62,514)
Other financial assets and other assets	(7,21,012)	(8,69,300)
Trade payables	(24,303)	3,14,855
Other financial liabilities, other liabilities and provisions	6,20,14,117	3,87,85,883
CASH GENERATED FROM OPERATIONS	23,03,873	1,89,975
Income taxes paid	(2,56,248)	–
NET CASH GENERATED BY OPERATING ACTIVITIES	20,47,625	1,89,975
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment net of sale proceeds	(3,86,142)	(1,33,435)
Interest and dividend received on investments	274	(11)
NET CASH USED IN INVESTING ACTIVITIES	(3,85,868)	(1,33,446)
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	16,61,757	56,529
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,77,598	26,21,069
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	43,39,355	26,77,598

The accompanying notes form an integral part of the 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

Abdul Razack
Director

Bengaluru
Date : January 9, 2017

Significant accounting policies

Company overview

Panaya Japan Co. Ltd. (Panaya Japan) is a wholly-owned subsidiary of Panaya Inc, USA. 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 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements, and reported amounts of income and expenses during the period.

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 the 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.

Examples of such estimates include allowance for credit losses, future obligations under employee benefit plans, income taxes, and the useful lives of property, plant and equipment.

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.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment[1]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

[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 computer equipment. Hence, the useful lives for computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.11 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Japanese Yen. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date, and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain or loss on translation of other assets and liabilities.

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.

2 Notes to the standalone financial statements for the year ended December 31, 2016

First-time adoption of Ind AS

These standalone financial statements of Panaya Japan for the year ended December 31, 2016, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind- AS.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	1,33,435	1,33,435
Additions	3,86,142	3,86,142
Deletions	–	–
Translation differences	(15,205)	(15,205)
Gross carrying value as of December 31, 2016	5,04,372	5,04,372
Accumulated depreciation as of January 1, 2016	(14,797)	(14,797)
Depreciation	(1,52,680)	(1,52,680)
Accumulated depreciation on deletions	–	–
Translation differences	9,711	9,711
Accumulated depreciation as of December 31, 2016	(1,57,766)	(1,57,766)
Carrying value as of December 31, 2016	3,46,606	3,46,606
Carrying value as of January 1, 2016	1,18,638	1,18,638

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2015:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2015	–	–
Additions	1,33,435	1,33,435
Deletions	–	–
Translation differences	–	–
Gross carrying value as of December 31, 2015	1,33,435	1,33,435
Accumulated depreciation as of January 1, 2015	–	–
Depreciation	(14,687)	(14,687)
Accumulated depreciation on deletions	–	–
Translation differences	(110)	(110)
Accumulated depreciation as of December 31, 2015	(14,797)	(14,797)
Carrying value as of December 31, 2015	1,18,638	1,18,638
Carrying value as of January 1, 2015	–	–

2.2 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[(1)]	10,20,63,047	3,92,62,514	–
	10,20,63,047	3,92,62,514	–
[(1)] Includes dues from fellow subsidiaries *(Refer to Note 2.14)*	10,20,63,047	3,92,62,514	–

2.3 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current account	43,39,355	26,77,598	26,21,069
	43,39,355	26,77,598	26,21,069

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Rental deposits [1]	7,32,186	6,39,191	–
Total	7,32,186	6,39,191	–
[1] Financial assets carried at amortized cost	7,32,186	6,39,191	–

2.5 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Prepaid expenses	2,44,063	2,30,109	–
Withholding taxes and others	6,14,063	–	–
Total other assets	8,58,126	2,30,109	–

2.6 Financial instruments

The carrying value of financial instruments were as follows:

in ₹

Particulars	Amortized cost as on		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.3)*	43,39,355	26,77,598	26,21,069
Trade receivables *(Refer to Note 2.2)*	10,20,63,047	3,92,62,514	–
Other financial assets *(Refer to Note 2.4)*	7,32,186	6,39,191	–
Total	10,71,34,588	4,25,79,303	26,21,069
Liabilities			
Trade payables *(Refer to Note 2.8)*	2,90,552	3,14,855	–
Other financial liabilities *(Refer to Note 2.9)*	12,19,04,775	5,98,90,658	2,11,04,775
Total	12,21,95,327	6,02,05,513	2,11,04,775

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 102,063,047 and ₹ 39,262,514 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables are derived from revenue earned from companies within the group and no credit risk is perceived.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, and the cash flow that is generated from operations.

As of December 31, 2016 and December 31, 2015, the Company had cash and cash equivalents of ₹ 4,339,355 and ₹ 2,677,598, respectively.

2.7 Equity

Equity share capital

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized	29,43,000	29,43,000	29,43,000
Issued, subscribed and paid-up	29,43,000	29,43,000	29,43,000
(wholly-owned by Panaya Inc.)	29,43,000	29,43,000	29,43,000

2.8 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables (1)	2,90,552	3,14,855	–
	2,90,552	3,14,855	–
(1) Includes dues to fellow subsidiaries *(Refer to Note 2.14)*	–	3,14,855	–

2.9 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	–	22,23,892	–
Accrued expenses	3,05,923	–	7,714
Other payables (1)	12,15,98,852	5,76,66,766	2,10,97,061
Total financial liabilities	12,19,04,775	5,98,90,658	2,11,04,775
Financial liability carried at amortized cost	12,19,04,775	5,98,90,658	2,11,04,775
(1) Includes dues to fellow subsidiaries	12,15,98,852	5,76,66,766	1,98,33,375

2.10 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	53,260	9,36,040
Deferred taxes	–	–
Income tax expense	53,260	9,36,040

Current tax expenses for the year ended December 31, 2016 include reversal amounting to 5,63,892 pertaining to prior periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	57,29,823	20,51,889
Enacted tax rates in Japan	50.00%	50.00%
Computed expected tax expense	28,64,912	10,25,945
Tax reversals	(5,63,892)	–
Effect of unrecognized deferred tax assets	(22,47,760)	(89,905)
Income tax expense	53,260	9,36,040

The applicable statutory tax rate in Japan for the year ending December 31, 2016 and December 31, 2015 is 50%.

The following table provides the details of income tax assets and income tax liabilities:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	–	–
Current income tax liabilities	3,32,974	9,34,821	–
Net current income tax assets / (liability) at the end	(3,32,974)	(9,34,821)	–

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(9,34,821)	–
Income tax paid	2,56,248	–
Current income tax expense *(Refer to Note 2.17)*	(53,260)	(9,36,040)
Translation difference	3,98,859	1,219
Net current income tax asset / (liability) at the end	(3,32,974)	(9,34,821)

2.11 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from software services	6,46,51,995	3,83,62,469
	6,46,51,995	3,83,62,469

2.12 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets		
Deposit with bank and others	274	(11)
Exchange gains / (losses) on translation of other assets and liabilities	2,41,650	41,377
Miscellaneous income, net	25,10,077	–
	27,52,001	41,366

2.13 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	6,61,581	22,63,690
Staff welfare	854	3,18,817
	6,62,435	25,82,507

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Repairs and maintenance	4,21,692	1,24,362
Marketing expenses	50,64,462	16,48,541
Operating lease payments	29,24,300	20,87,601
Rates and taxes	15,444	36,406
Commission charges	1,76,59,728	66,94,432
Others	3,05,114	17,98,179
	2,63,90,741	1,23,89,521

2.14 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Panaya Inc. (Panaya) (10)	US	100%	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 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 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
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 (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Infosys Consulting Belgium *(formerly 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.
Infy Consulting B.V. (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 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.(11)	Israel
Panaya GmbH(11)	Germany
Panaya Pty Ltd(11)(19)	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

Name of associates	Country
DWA Nova LLC[1]	U.S.

[1] Associate of Infosys Nova Holdings LLC.

The details of amounts due to or due from related parties as at December 31, 2016, March 31, 2016 and April 1, 2015 are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Panaya Ltd	10,20,63,047	3,92,62,514	–
	10,20,63,047	3,92,62,514	–
Trade payables			
Panaya Ltd.	–	3,14,855	–
	–	3,14,855	–
Other financial liabilities			
Panaya Ltd.	12,15,98,852	5,76,66,767	1,98,33,375
	12,15,98,852	5,76,66,767	1,98,33,375

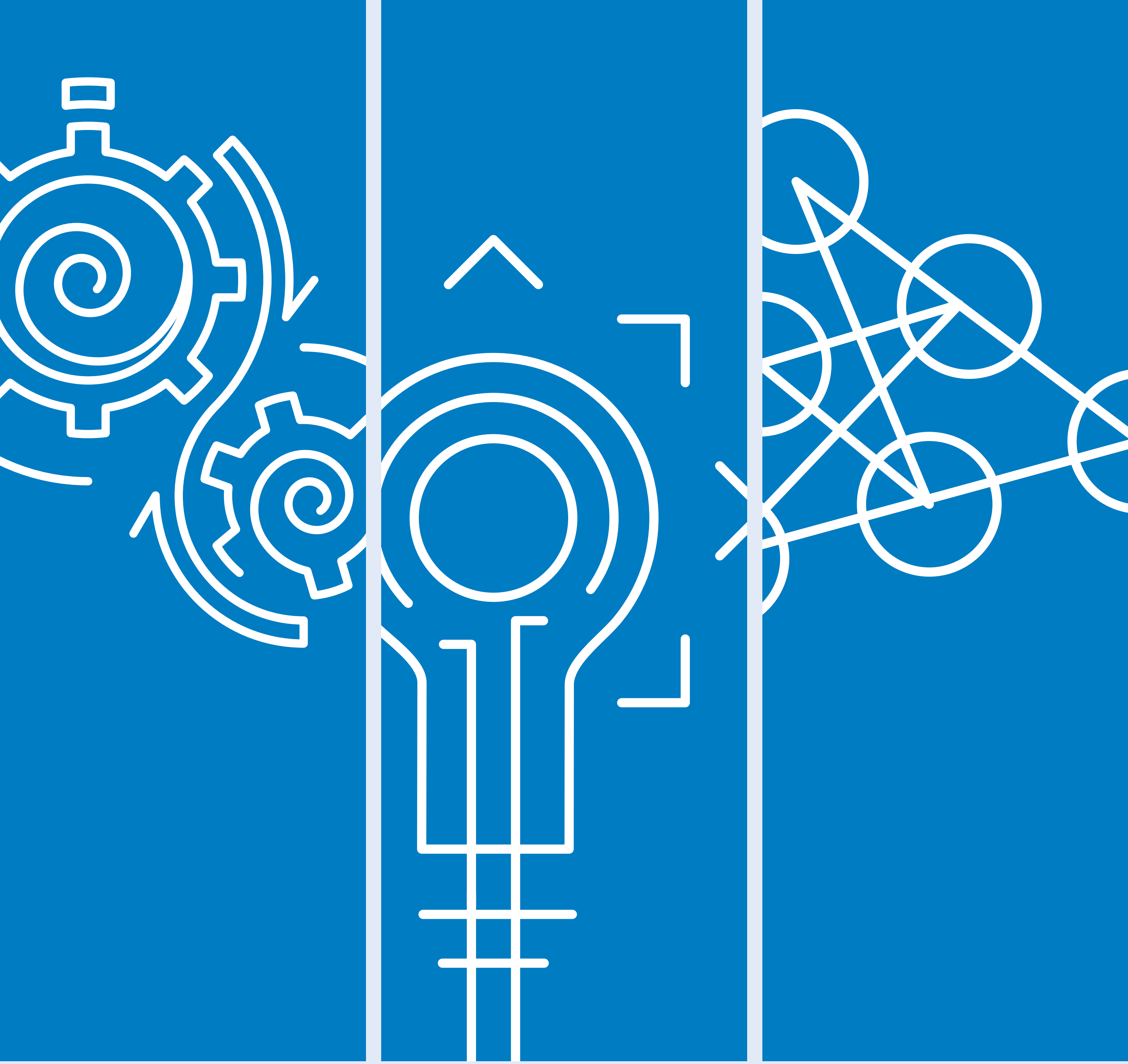
The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Revenue transactions		
Sale of services		
Panaya Ltd	6,46,51,995	3,83,62,469
	6,46,51,995	3,83,62,469

2.15 Segment-reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the 'management approach', as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment Reporting'.



Infosys Consulting Holding AG

Report of the Statutory Auditor to the General Meeting of Shareholders of Infosys Consulting Holding AG, Kloten

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Infosys Consulting Holding AG, which comprise the Balance Sheet, Income Statement, and notes for the year ended December 31, 2016.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of the Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and, maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Swiss law and the Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the internal control system relevant to the entity's preparation 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended December 31, 2016 comply with the Swiss law and the Company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with the Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

We draw attention to the fact that, contrary to the requirements of article 699 paragraph 2 CO, the Annual General Meeting of shareholders did not take place within six months after reporting date of December 31, 2015.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Stefan Schwitter
Licensed Audit Expert

Zurich, March 31, 2017

Enclosures

- Financial statements (Balance Sheet, Income Statement, and Notes)
- Proposed appropriation of available earnings

Balance Sheet

in CHF

Particulars	As at December 31, 2016	2015
Assets		
Cash and cash equivalents	1,087,561.00	705,265.96
Other short-term receivables from third parties	240,921.12	110,056.55
Other short-term receivables from subsidiaries	3,412,293.74	0.00
Prepaid expenses and accrued income	0.00	6,841.85
Total current assets	4,740,775.86	822,164.36
Loans to subsidiaries	24,885,848.43	17,371,908.99
Investments	22,861,065.11	26,595,689.23
Total non-current assets	47,746,913.54	43,967,598.22
TOTAL ASSETS	52,487,689.40	44,789,762.58
Liabilities and equity		
Accrued expenses and deferred income	131,544.72	177,892.00
Total short-term liabilities	131,544.72	177,892.00
Loans from subsidiaries	23,475,952.64	5,543,450.01
Total long-term liabilities	23,475,952.64	5,543,450.01
Total liabilities	23,607,497.36	5,721,342.01
Share capital	26,290,000.00	26,290,000.00
Legal retained earnings reserves	1,335,200.00	1,335,200.00
Accumulated profits brought forward	12,048,242.57	17,203,839.74
Profit for the year	(10,188,228.53)	(5,155,597.17)
Treasury shares	(605,022.00)	(605,022.00)
Total equity	28,880,192.04	39,068,420.57
TOTAL LIABILITIES AND EQUITY	52,487,689.40	44,789,762.58

Income Statement

in CHF

Particulars	2016	2015
Dividends	3,600,000.00	2,300,000.00
Gross profit	3,600,000.00	2,300,000.00
Office and administration expenses	(7,485.04)	(41,924.58)
Consulting expenses	(35,496.46)	(11,601.21)
Operating expenses	(42,981.50)	(53,525.79)
Earnings before interest and tax (EBIT)	3,557,018.50	2,246,474.21
Financial expenses	(352,225.59)	(922,883.45)
Financial income	2,071,729.06	1,109,439.89
Net financial result	1,719,503.47	186,556.44
Extraordinary expenses	(15,375,111.98)	(7,438,756.02)
Extraordinary income	0.00	5,355.20
Net extraordinary result	(15,375,111.98)	(7,433,400.82)
Earnings before tax (EBT)	(10,098,590.01)	(5,000,370.17)
Tax expenses	(89,638.52)	(155,227.00)
Net profit for the year	(10,188,228.53)	(5,155,597.17)

Notes to the financial statement

1. Principles

1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described as follows. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

1.2 Loans to subsidiaries

Loans granted in foreign currencies are translated at the rate as at the Balance Sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

1.3 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the Income Statement as financial income or financial expenses.

1.4 Foregoing a Cash Flow Statement and additional disclosures in the notes

As Infosys Ltd., the owner of Infosys Consulting Holding AG, has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a Cash Flow Statement in accordance with the law.

Notes to the financial statement

2. Information on Balance Sheet and Income Statement items

2.1 Extraordinary expenses

The extraordinary expenses contain valuation adjustments on investments and a liquidation loss of Lodestone GmbH, liquidated in 2016.

2.2 Investments

Particulars		2016	2015
Company : Infosys Consulting GmbH			
Location : Garching b. München, Germany			
Share capital			
EUR		86,000.00	86,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Lodestone Management Consultants Portugal, Unipessoal LDA			
Location : Lissabon, Portugal			
Share capital	EUR	700,000.00	700,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting AG			
Location : Kloten, Switzerland			
Share capital	CHF	120,000.00	120,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Lodestone Management Consultants, Inc.			
Location : Atlanta, USA			
Share capital	USD	100,000.00	100,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Lodestone GmbH (liquidated in 2016)			
Location : Zürich, Switzerland			
Share capital	CHF	0.00	48,000.00
Directly held percentage of ownership and voting rights		0.00%	100.00%
Company : Infosys Consulting Sp. z o.o.			
Location : Wroclaw, Poland			
Share capital	PLN	1,000,000.00	1,000,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Management Consulting Pty Ltd			
Location : Pyrmont, Australia			
Share capital	AUD	300.00	300.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infy Consulting Company Ltd.			
Location : London, UK			
Share capital	GBP	50,000.00	50,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting (Belgium) SA			
Location : Brüssel, Belgium			
Share capital	EUR	489,326.00	489,326.00

Particulars		2016	2015
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting Pte Ltd			
Location : Singapore, Singapore			
Share capital	SGD	10,990,000.00	100,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting s.r.o.			
Location : Prag, Czech Republic			
Share capital	CZK	200,000.00	200,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : S.C. Infosys Consulting S.R.L.			
Location : Bukarest, Romania			
Share capital	RON	1,400,000.00	1,400,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infy Consulting B.V.			
Location : 's-Gravenhage, Netherlands			
Share capital	EUR	90,000.00	90,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting SAS			
Location : Paris, France			
Share capital	EUR	3,080,000.00	80,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Lodestone Management Consultants China Co., Ltd.			
Location : Shanghai, China			
Share capital	USD	6,930,000.00	2,930,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting Ltda.			
Location : Sao Paolo, Brasil			
Share capital	BRL	82,656,615.00	75,824,615.00
Directly held percentage of ownership and voting rights		99.999988%	99.999989%
Company : Lodestone Management GmbH			
Location : Wien, Austria			
Share capital	EUR	80,000.00	80,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company : Infosys Consulting S.R.L.			
Location : Buenos Aires, Argentina			
Share capital	ARS	8,860,000.00	8,860,000.00
Directly held percentage of ownership and voting rights		93.79%	93.79%
Indirectly held percentage of ownership and voting rights		6.21%	6.21%
Company : Lodestone Augmentis AG (liquidated 2016)			
Location : Basel, Switzerland			
Share capital	CHF	0.00	100,000.00
Indirectly held percentage of ownership and voting rights		0.00%	100.00%
Business purpose of the companies : Management Consulting			

2.3 Share capital

in CHF

Share capital	26,290,000.00	26,290,000.00
Common stock	23,350,000.00	23,350,000.00
Preferred stock	2,940,000.00	2,940,000.00

2.4 Reserves for treasury shares

The reserve for treasury shares is stated at cost. As at 31 December 2016, the reserve for treasury shares added up to CHF 605,022.00 and therefore covers the carrying amount of the treasury shares disclosed as non-current assets.

2.5 Treasury shares

in CHF

Treasury shares	605,022.00	605,022.00
Balance as at 1 January (number of shares)	300	300
Additions (common stock)	0	0
Additions (Preferred stock)	0	0
Disposals (Common stock)	0	0
Disposals (Preferred stock)	0	0
Balance as at 31 December (Common stock)	300	300
Balance as at 31 December (Preferred stock)	2940	2940

2.6 Leasing liabilities

Off-balance leasing liabilities	None	None

2.7 Credit line with UBS

Infosys Consulting Holding AG has a working capital credit line of CHF 5,000,000.

2.8 Guarantees

Infosys Consulting Holding AG is requested to provide a guarantee in the amount of maximal CHF 5,500,000, if Infosys Consulting AG draws down under the credit line with UBS.

2.9 Full-time equivalents

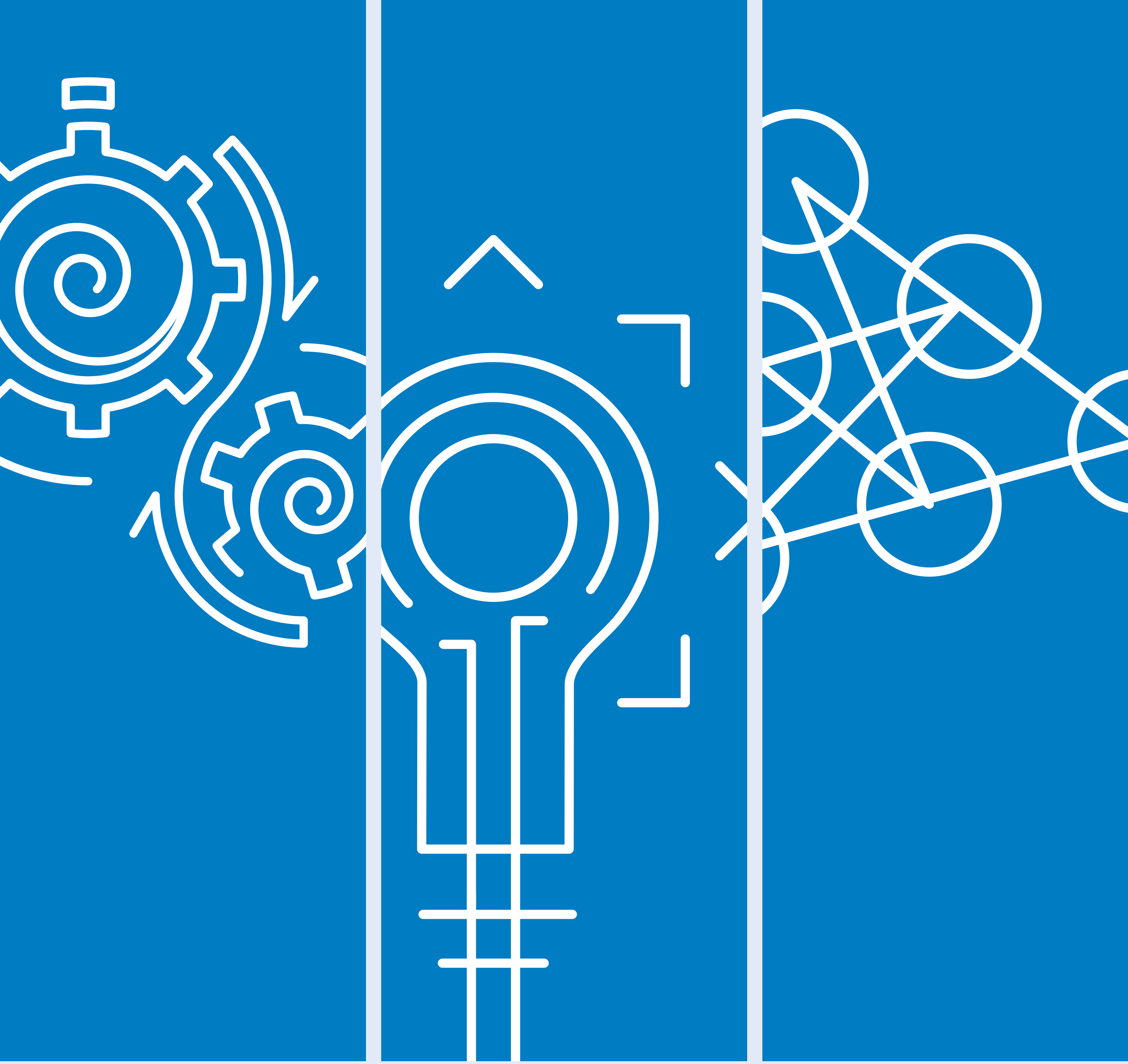
The Infosys Consulting Holding AG does not have any employees.

Proposal on the appropriation of the available surplus

The Board of Directors proposes to appropriate the available surplus as follows:

in CHF

Particulars	2016	2015
Retained earnings (brought forward)	12,048,242.57	17,203,839.74
Net profit for the year	(10,188,228.53)	(5,155,597.17)
Surplus available to shareholders	1,860,014.04	12,048,242.57
Allocation to legal reserve (5%)	0.00	0.00
To be carried forward	1,860,014.04	12,048,242.57



Infosys Consulting GmbH

(formerly Lodestone Management Consultants GmbH)

Independent Auditors' Report

To the Members of Lodestone Management Consultants GmbH

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lodestone Management Consultants GmbH ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows, and the changes in equity 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 :

i. 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;

ii. 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;

iii. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	–	–	–
Financial assets				
Loans	2.3	–	–	45,26,984
Income tax assets, net	2.14	1,51,346	2,13,878	2,27,166
Total non-current assets		1,51,346	2,13,878	47,54,150
Current assets				
Financial assets				
Trade receivables	2.5	1,11,949	83,438	1,55,37,011
Cash and cash equivalents	2.6	83,24,350	66,63,400	17,26,476
Loans	2.3	–	95,253	–
Other financial assets	2.4	10,55,202	–	–
Other current assets	2.7	–	21,64,199	13,73,224
Total current assets		94,91,501	90,06,290	1,86,36,711
Total assets		96,42,847	92,20,168	2,33,90,861
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.13	53,93,200	53,93,200	53,93,200
Other equity		(2,82,36,900)	(2,57,57,842)	(2,39,94,900)
Total equity		(2,28,43,700)	(2,03,64,642)	(1,86,01,700)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2.9	1,06,73,724	1,06,34,406	1,89,97,642
Total non-current liabilities		1,06,73,724	1,06,34,406	1,89,97,642
Current liabilities				
Financial liabilities				
Trade payables	2.11	–	38,40,084	3,05,117
Other financial liabilities	2.10	2,04,77,469	1,34,97,147	1,86,17,867
Other current liabilities	2.12	–	13,58,336	39,35,298
Income tax liabilities, net	2.14	13,35,354	2,54,837	1,36,637
Total current liabilities		2,18,12,823	1,89,50,404	2,29,94,919
Total equity and liabilities		96,42,847	92,20,168	2,33,90,861

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

Bengaluru
January 10, 2017

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

Roberto Busin
Director

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31,	
		2016	2015
Revenue from operations	2.15	1,04,978	4,76,53,556
Other income, net	2.16	(8,331)	743
Total income		96,647	4,76,54,299
Expenses			
Employee benefit expenses	2.17	(12,11,969)	3,60,43,754
Travel expenses		(2,56,952)	1,12,77,316
Communication expenses		–	1,69,063
Consultancy and professional charges		20,62,029	24,71,784
Finance cost		1,09,562	1,75,740
Other expenses	2.17	4,73,909	2,33,537
Total expenses		11,76,579	5,03,71,194
Profit / (loss) before tax		(10,79,932)	(27,16,895)
Tax expense			
Current tax	2.14	14,81,276	1,22,959
Deferred tax	2.14	–	–
Loss for the period		(25,61,208)	(28,39,854)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation		82,150	10,76,912
Total other comprehensive income, net of tax		82,150	10,76,912
Total comprehensive income / (loss) for the period		(24,79,058)	(17,62,942)

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

Bengaluru
January 10, 2017

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

Roberto Busin
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	53,93,200	(2,48,49,311)	8,54,411	(1,86,01,700)
Changes in equity for the year ended December 31, 2015				
Currency translation	–	–	10,76,912	10,76,912
Loss for the period	–	(28,39,854)	–	(28,39,854)
Balance as of December 31, 2015	53,93,200	(2,76,89,165)	19,31,323	(2,03,64,642)
Balance as of January 1, 2016	53,93,200	(2,76,89,165)	19,31,323	(2,03,64,642)
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	82,150	82,150
Loss for the period	–	(25,61,208)	–	(25,61,208)
Balance as of December 31, 2016	53,93,200	(3,02,50,373)	20,13,473	(2,28,43,700)

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
Bengaluru
January 10, 2017

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

Roberto Busin
Director

Statement of Cash Flows

	For the year ended December 31,	
	2016	2015
Cash flow from operating activities		
Loss for the period	(25,61,208)	(28,39,854)
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	14,81,276	1,22,959
Finance cost	1,09,562	1,75,740
Allowance for credit losses on financial assets	–	1,334
Exchange differences on translation of assets and liabilities	82,150	10,76,912
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(28,511)	1,54,52,239
Loans and other financial assets and other assets	11,08,997	(7,90,975)
Trade payables	(38,40,084)	35,34,967
Other financial liabilities, other liabilities and provisions	56,21,986	(76,97,682)
Cash generated from operations	19,74,168	90,35,640
Income taxes paid	(3,38,227)	8,529
Net cash generated by operating activities	16,35,941	90,44,169
Cash flow from investing activities		
Loans to employees	95,253	44,31,731
Net cash provided by investing activities	95,253	44,31,731
Cash flow from financing activities		
Loan from parent, net of finance cost	(70,244)	(85,38,976)
Net cash provided by / (used in) financing activities	(70,244)	(85,38,976)
Net decrease in cash and cash equivalents	16,60,950	49,36,924
Cash and cash equivalents at the beginning of the period	66,63,400	17,26,476
Cash and cash equivalents at the end of the period	83,24,350	66,63,400

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
Bengaluru
January 10, 2017

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

Roberto Busin
Director

Company overview

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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.8 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful life of assets is as follows :

Computer equipment [1]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[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 these assets. Hence, the useful life for computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 Financial instruments

1.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.9.2 Subsequent measurement

Non-derivative financial instruments

- Financial assets carried at amortized cost

  A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income

  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss

  A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

- Financial liabilities

  Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.11 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

- Property, plant, and equipment

  Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.12 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain or loss on translation of other assets and liabilities.

1.17 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.

1.18 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 Borrowing Cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they occurred.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Lodestone Management Consultants GmBH for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016 :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	3,71,111	3,71,111
Additions	–	–
Translation difference	(43,076)	(43,076)
Gross carrying value as of December 31, 2016	3,28,035	3,28,035
Accumulated depreciation as of January 1, 2016	3,71,111	3,71,111
Depreciation	–	–
Translation difference	(43,076)	(43,076)
Accumulated depreciation as of December 31, 2016	3,28,035	3,28,035
Carrying value as of December 31, 2016	–	–
Carrying value as of January 1, 2016	–	–

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015 :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2015	3,50,603	3,50,603
Additions	–	–
Translation difference	20,508	20,508
Gross carrying value as of December 31, 2015	3,71,111	3,71,111
Accumulated depreciation as of January 1, 2015	3,50,603	3,50,603
Depreciation	–	–
Translation difference	20,508	20,508
Accumulated depreciation as of December 31, 2015	3,71,111	3,71,111
Carrying value as of December 31, 2015	–	–
Carrying value as of January 1, 2015	–	–

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured, considered good			
Other loans			
Loans to employees	–	–	45,26,984
	–	–	45,26,984
Current			
Unsecured, considered good			
Other loans			
Loans and advances to employees	–	95,253	–
	–	95,253	–
Total loans	–	95,253	45,26,984

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Receivable from group companies [1] *(Refer to Note 2.18)*	10,55,202	–	–
	10,55,202	–	–
Total	10,55,202	–	–
[1] Financial assets carried at amortized cost	10,55,202	–	–

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	1,11,949	83,438	1,55,37,011
	1,11,949	83,438	1,55,37,011
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.18)*	–	–	1,55,00,248

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	83,24,350	66,63,400	17,26,476
	83,24,350	66,63,400	17,26,476

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	–	21,64,199	13,73,224
	–	21,64,199	13,73,224
Total other assets	–	21,64,199	13,73,224

2.8 Financial instruments

The carrying value of financial instruments were :

in ₹

Particulars	As of		
	December 31		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	83,24,350	66,63,400	17,26,476
Trade receivables *(Refer to Note 2.5)*	1,11,949	83,438	1,55,37,011
Loans *(Refer to Note 2.3)*	–	95,253	45,26,984
Other financial assets *(Refer to Note 2.4)*	10,55,202	–	–
Total	94,91,501	68,42,091	2,17,90,471
Liabilities			
Borrowings *(Refer to Note 2.9)*	1,06,73,724	1,06,34,406	1,89,97,642
Trade payables *(Refer to Note 2.11)*	–	38,40,084	3,05,117
Other financial liabilities *(Refer to Note 2.10)*	2,04,77,469	1,23,80,812	1,58,54,423
Total	3,11,51,193	2,68,55,302	3,51,57,182

All the above financial instruments are carried at amortized cost and the carrying values approximate their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹111,949 and ₹83,438 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables are derived from revenue earned from companies within the group and no credit risk is perceived.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has taken loan from parent company to meet its working capital requirements.

As of December 31, 2016 and December 31, 2015, the Company had cash and cash equivalents of ₹8,324,350 and ₹6,663,400, respectively.

2.9 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Unsecured loan from parent *(Refer to Note 2.18)*	1,06,73,724	1,06,34,406	1,89,97,642
Total borrowings	1,06,73,724	1,06,34,406	1,89,97,642

2.10 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees	–	–	19,13,250
Accrued expenses	1,25,66,542	1,23,80,812	1,39,41,173
Compensated absences	–	11,16,335	27,63,444
Other payables [(1)]	79,10,927	–	–
	2,04,77,469	1,34,97,147	1,86,17,867
Total financial liabilities	2,04,77,469	1,34,97,147	1,86,17,867
Financial liability carried at amortized cost	2,04,77,469	1,23,80,812	1,58,54,423
[(1)] Includes dues to fellow subsidiaries *(Refer to Note 2.18)*	79,10,927	–	–

2.11 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables *	–	38,40,084	3,05,117
	–	38,40,084	3,05,117
*Includes dues to fellow subsidiaries *(Refer to Note 2.18)*	–	38,40,084	19,439

2.12 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	–	13,58,336	39,35,298
	–	13,58,336	39,35,298
	–	13,58,336	39,35,298

2.13 Equity

Equity share capital

in ₹ , except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
EUR 80,000	53,93,200	53,93,200	53,93,200
Issued, subscribed and paid-up			
EUR 80,000	53,93,200	53,93,200	53,93,200
(wholly-owned by Infosys Consulting Holding AG)	53,93,200	53,93,200	53,93,200

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	14,81,276	1,22,959
Income tax expense	14,81,276	1,22,959

Current tax expense for the year ended December 31, 2016 and December 31, 2015 includes provisions amounting to ₹ 1,350,949 and nil respectively pertaining to previous periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	(10,79,932)	(27,16,895)
Enacted tax rates in Austria	25.00%	25.00%
Computed expected tax expense	(2,69,983)	(6,79,224)
Tax provision	13,50,949	–
Effect of unrecognized deferred tax assets	2,69,983	6,79,224
Others	1,30,327	1,22,959
Income tax expense	14,81,276	1,22,959

The applicable Austrian statutory tax rate for fiscal 2017 and 2016 is 25%.

The following table provides the details of income tax assets and income tax liabilities.

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	1,51,346	2,13,878	2,27,166
Current income tax liabilities	13,35,354	2,54,837	1,36,637
Net current income tax assets / (liability) at the end	(11,84,008)	(40,959)	90,529

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(40,959)	90,529
Income tax paid	3,38,227	(8,529)
Current income tax expense	(14,81,276)	(1,22,959)
Net current income tax asset / (liability) at the end	(11,84,008)	(40,959)

2.15 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	1,04,978	4,76,53,556
	1,04,978	4,76,53,556

2.16 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on translation of other assets and liabilities	(8,331)	743
	(8,331)	743

2.17 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	(12,11,969)	3,60,42,494
Staff welfare	–	1,260
	(12,11,969)	3,60,43,754

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Rates and taxes	2,29,664	–
Repairs and maintenance	1,787	161
Allowances for credit losses on financial assets	–	1,334
Others	2,42,458	2,32,042
	4,73,909	2,33,537

2.18 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,		January 1, 2015
		2016	2015	
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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 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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)* [3]	Australia
Lodestone Augmentis AG [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	Switzerland
Infosys Consulting (Belgium) NV *(formerly 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
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland
Lodestone Management Consultants Co., Ltd. [3]	China
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.
Infy Consulting B.V. (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 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

Name of subsidiaries	Country
Panaya Pty Ltd[11][19]	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	–	–	1,55,00,248
	–	–	1,55,00,248
Borrowings			
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*[1]	1,06,73,724	1,06,34,406	1,89,97,642
	1,06,73,724	1,06,34,406	1,89,97,642
Other financial assets			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	10,55,202	–	–
	10,55,202	–	–
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
Other financial liabilities			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	79,10,927	–	–
	79,10,927	–	–

(1) The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 1% per annum each, and is repayable at the discretion of the lender.

The details of the related parties transactions entered into by the Company are as follows:

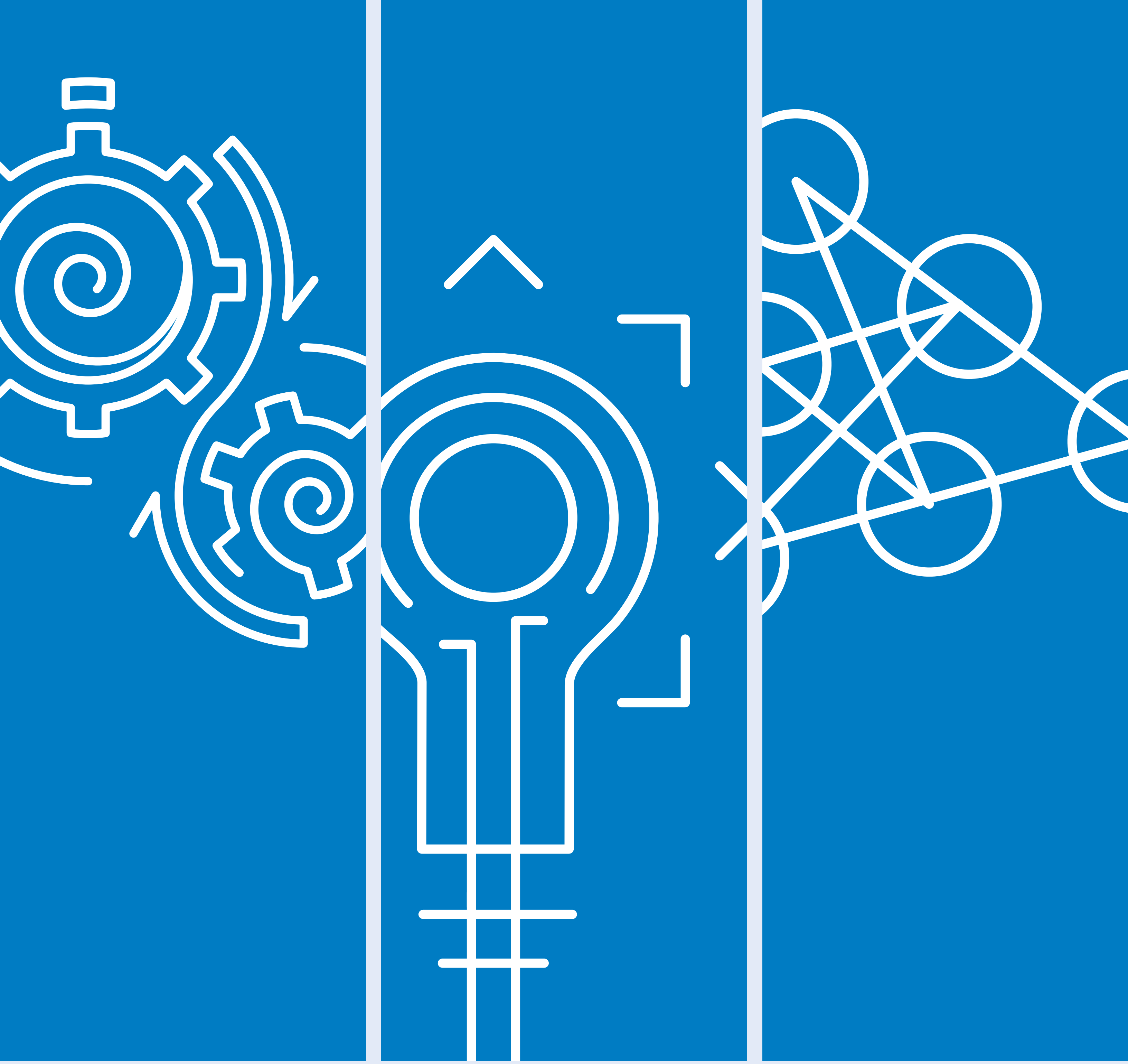
in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Borrowings (net of payment) [1]		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	39,318	(83,63,236)
Revenue transactions		
Purchase of services		
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*	–	4,49,055
Lodestone Management Consultants Sp. z.o.o.	1,196	65,344
	1,196	5,14,399
Interest expense		
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	1,09,562	1,75,740
	1,09,562	1,75,740
Sale of services		
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)*	1,04,978	4,76,53,556
	1,04,978	4,76,53,556

[1] Includes interest

2.19 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS108 – Segment-reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 – Segment-reporting.



Infosys Nova Holdings LLC

Independent Auditors' Report

To the Members of Infosys Nova Holdings LLC

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Nova Holdings LLC ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income and its cash flows, and the changes in equity 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:

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 9, 2017

Balance Sheet

in US $

Particulars	Note	As at December 31,	
		2016	2015
ASSETS			
Non-current assets			
Investment	2.1	15,000,000	15,000,000
Total non-current assets		15,000,000	15,000,000
Total Assets		15,000,000	15,000,000
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	15,000,000	15,000,000
Total equity		15,000,000	15,000,000
Total equity and liabilities		15,000,000	15,000,000

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

Bengaluru
Date: January 9, 2017

for and on behalf of the Board of Directors of Infosys Nova Holdings LLC

Dr. Vishal Sikka
Chief Executive Officer

Statement of Profit and Loss

in US $

Particulars	For the year ended December 31, 2016	2015
Revenue from operations	–	–
Other income, net	–	–
Total income	–	–
Expenses		
Total expenses	–	–
Profit before tax	–	–
Tax expense		
Profit for the period	–	–
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Items that will be reclassified subsequently to profit or loss		
Total other comprehensive income, net of tax	–	–
Total comprehensive income for the period	–	–

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 Nova Holdings LLC

M. Rathnakar Kamath
Partner
Membership number: 202841

Dr. Vishal Sikka
Chief Executive Officer

Bengaluru
Date: January 9, 2017

Statement of Changes in Equity

in US $

Particulars	Equity share capital	Total equity attributable to equity holders of the Company
Balance as of January 1, 2015	–	–
Changes in equity for the year ended December 31, 2015		
Increase in share capital on account of capital infusion (refer to note 2.2)	15,000,000	15,000,000
Profit for the period	–	–
Balance as of December 31, 2015	15,000,000	15,000,000
Balance as of December 31, 2015	15,000,000	15,000,000
Changes in equity for the year ended December 31, 2016		
Profit for the period	–	–
Balance as of December 31, 2016	15,000,000	15,000,000

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 Nova Holdings LLC

M. Rathnakar Kamath
Partner
Membership number 202841

Dr. Vishal Sikka
Chief Executive Officer

Bengaluru
Date: January 9, 2017

Statement of Cash Flows

in US $

Particulars	For the year ended December 31,	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	–	–
Adjustments to reconcile net profit to net cash provided by operating activities		
Net cash generated by operating activities	–	–
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in associate	–	(15,000,000)
NET CASH USED IN INVESTING ACTIVITIES	–	(15,000,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Contribution received for equity share capital	–	15,000,000
NET CASH USED IN FINANCING ACTIVITIES	–	15,000,000
NET 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	–	–

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 Nova Holdings LLC

M. Rathnakar Kamath
Partner
Membership number: 202841

Dr. Vishal Sikka
Chief Executive Officer

Bengaluru
Date: January 9, 2017

Significant accounting policies

Company overview

Infosys Nova Holdings LLC (Infosys Nova) 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the US Dollar.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in the US Dollar.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 the transaction.

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

1.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Investments

Associates are entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Company's investment in associates includes goodwill identified on acquisition.

2 Notes to the standalone financial statements for the year ended December 31, 2016

First-time adoption of Ind AS

These standalone financial statements of Infosys Nova Holdings LLC for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First Time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statements in accordance with Ind AS 101 have not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind AS.

2.1 Investments

in US $

Particulars	As at December 31,	
	2016	2015
NON-CURRENT INVESTMENTS		
Unquoted		
Long-term investments - at cost		
Investments in equity instruments of associates		
DWA Nova LLC	15,000,000	15,000,000
Total investments	15,000,000	15,000,000

2.2 Equity

Equity share capital

in US $

Particulars	As at December 31,	
	2016	2015
Authorized		
Equity shares	15,000,000	15,000,000
Issued, subscribed and paid-up		
Equity	15,000,000	15,000,000

The details of shareholder holding more than 5% shares are as follows:

Name of the shareholder	As at December 31,	
	2016	2015
Infosys Limited	100%	100%

2.3 Related party transactions

List of related parties

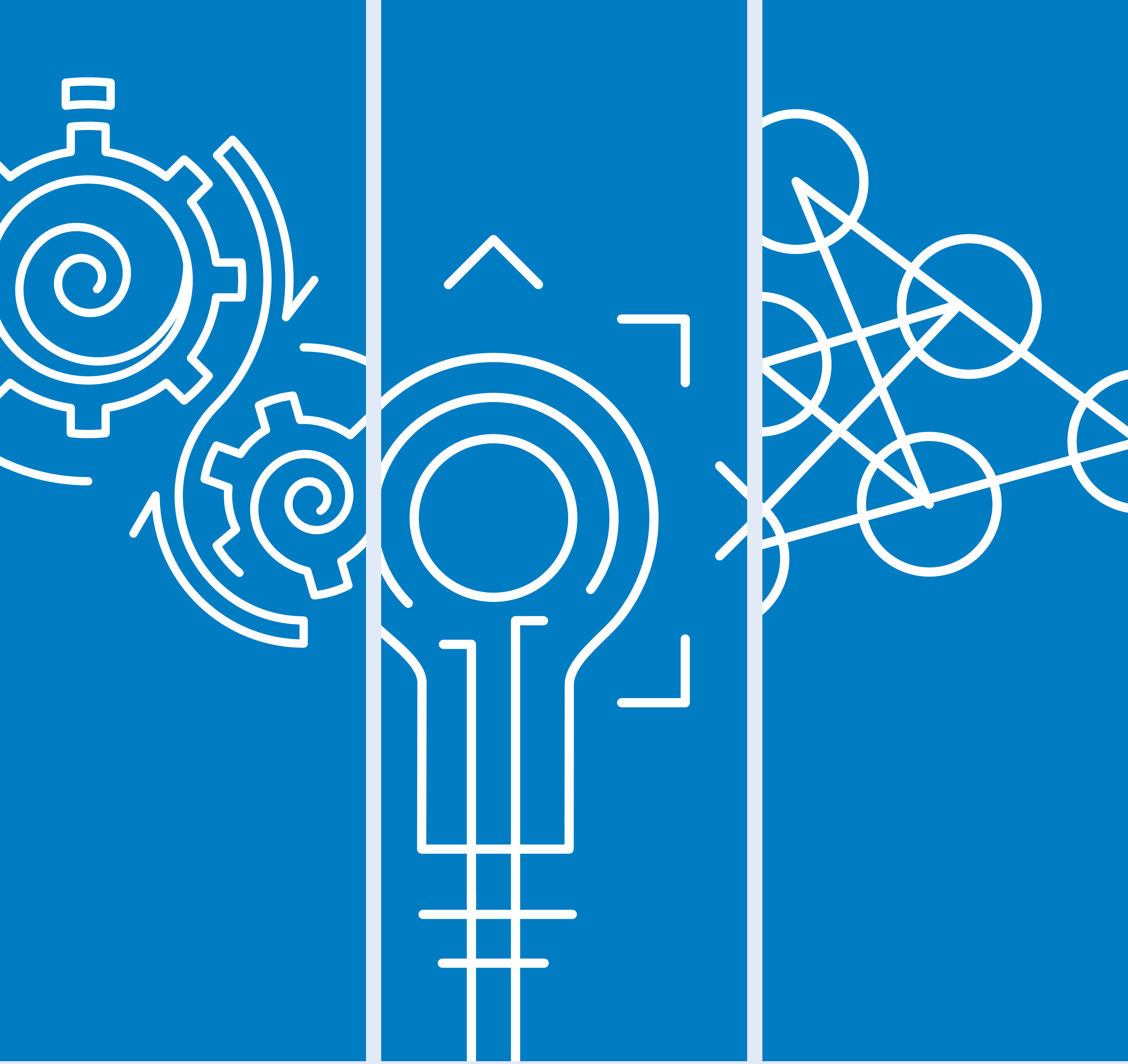
Name of Holding Company	Country
Infosys Limited	India

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 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 Ltd(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
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 [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	Switzerland
Infosys Consulting (Belgium) NV *(formerly 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)* [20]	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.
Infy Consulting B.V. (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 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
Panaya Inc. (Panaya) [9]	U.S.
Panaya Ltd.[10]	Israel
Panaya GmbH[10]	Germany
Panaya Pty Ltd[10][18]	Australia
Panaya Japan Co. Ltd.[10]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[11]	India
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 subsidiary 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) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(10) Wholly-owned subsidiary of Panaya Inc.
(11) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems.
(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.
(17) Liquidated effective October 5, 2016.
(18) Liquidated effective November 16, 2016.
(19) Liquidated effective December 21, 2016.
(20) Wholly-owned subsidiary of Infosys.

Name of associate	Country	Holding as at December 31,	
		2016	2015
DWA Nova LLC	U.S.	16%	16%



Infosys BPO Americas LLC

Independent Auditors' Report

To,

The Board of Directors of Infosys BPO Americas LLC

We have audited the accompanying financial statements of Infosys BPO Americas LLC (a Delaware Corporation), which comprise the Balance Sheet as of March 31, 2017, and the related statements of operation, changes in member's equity, and cash flows for the year ended March 31, 2017, 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 accounting principles generally accepted in the United States of America. 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 the 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 BPO Americas LLC as of March 31, 2017, and the results of its operations, and its cash flows for the year ended March 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Sudhir Pai, CPA

Sudhir Pai, CPA PLLC

Certified Public Accountants

Irving TX, United States

Date : May 10, 2017

Balance Sheet

in US $

Particulars	Note	As at March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	3	717,933
Prepayments and other assets		50,719
Total current assets		768,652
Non-current assets		–
Total non-current assets		–
Total of assets		768,652
Liabilities and equity		
Current liabilities		
Trade payables		2,030
Other liabilities		184,090
Total current liabilities		186,120
Non-current liabilities		–
Total non-current liabilities		–
Total of liabilities		186,120
Member's equity		
Member's equity		1,000,000
Accumulated deficit		(417,468)
Total member's equity		582,532
Total liabilities and member's equity		768,652

The accompanying notes are an integral part of the financial statements.
for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Operations for the year ended March 31, 2017

in US $

Particulars	Note	For the year ended March 31, 2017
Operating revenues		–
Cost of revenues		–
Gross profit / (loss)		–
Expenses		
Selling and marketing expenses		–
Administrative expenses	4	417,468
Total operating expenses		417,468
Operating loss		(417,468)
Finance expense		–
Other income (expense)		–
Loss before income tax		(417,468)
Provision for tax		–
Net loss		(417,468)

The accompanying notes are an integral part of the financial statements.

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Changes in Member's Equity for the year ended March 31, 2017

in US $

Particulars	Member's equity	Additional paid in capital	Accumulated deficit	Total member's equity
Equity	1,000,000	–	–	1,000,000
Net loss for the year ended March 31, 2017	–	–	(417,468)	(417,468)
Balance as on March 31, 2017	1,000,000	–	(417,468)	582,532

The accompanying notes are an integral part of the financial statements.

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Cash Flows for the year ended March 31, 2017

in US $

Particulars	For the year ended March 31, 2017
Cash flow from operating activities	
Net loss	(417,468)
Adjustments to reconcile net loss to net cash generated from operating activities	
Changes in working capital	
Trade payables	2,030
Other liabilities and provisions	184,090
Prepayment and other assets	(50,719)
Net cash used in operating activities	(282,067)
Cash flow from investing activities	–
Net cash generated used in investing activities	–
Cash flow from financing activities	
Capital infusion	1,000,000
Net cash generated from financing activities	1,000,000
Net increase in cash and cash equivalents	717,933
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	717,933

The accompanying notes are an integral part of the financial statements.

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah

Authorized signatory

Date : May 10, 2017

Notes to the financial statements for the year ended March 31, 2017

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Amercias, LLC, ('the Company') is a mortgage banking and servicing based business that provides end to end mortgage banking services.

The Company was formed in November 2015 as a limited liability company under the provisions of the Delaware Limited Liability Company Act ('the Act'). The Company was formed by Infosys BPO Limited, a subsidiary of Infosys Limited, an SEC registrant, on December 4, 2009.

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 the 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. 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.

1.4 Revenue recognition

Revenue from mortgage and banking 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.

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 the 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 costs are charged to earnings when incurred. The costs 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

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, the 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.

2. Member's equity

At March, 2017, the Company had one member, Infosys BPO Limited ('the Member'). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

in US $

Particulars	As at March 31, 2017
Current account	717,933

4. Administrative expenses

in US $

Particulars	For the year ended March 31, 2017
Salaries	189,631
Legal and professional charges	166,074
Others	61,763
Total	417,468

5. Related party transactions

Name of the related party and their relationships :

Holding Company : Infosys BPO Limited

There are no transactions with the holding company during the year ended March 31, 2017, except as disclosed :

The following is the summary of material related party transactions during the year :

in US $

Name of the party	Nature of transaction	For the year ended March 31, 2017	Closing as on March 31, 2017
Infosys BPO Limited	Capital infusion	1,000,000	1,000,000

6. Subsequent events

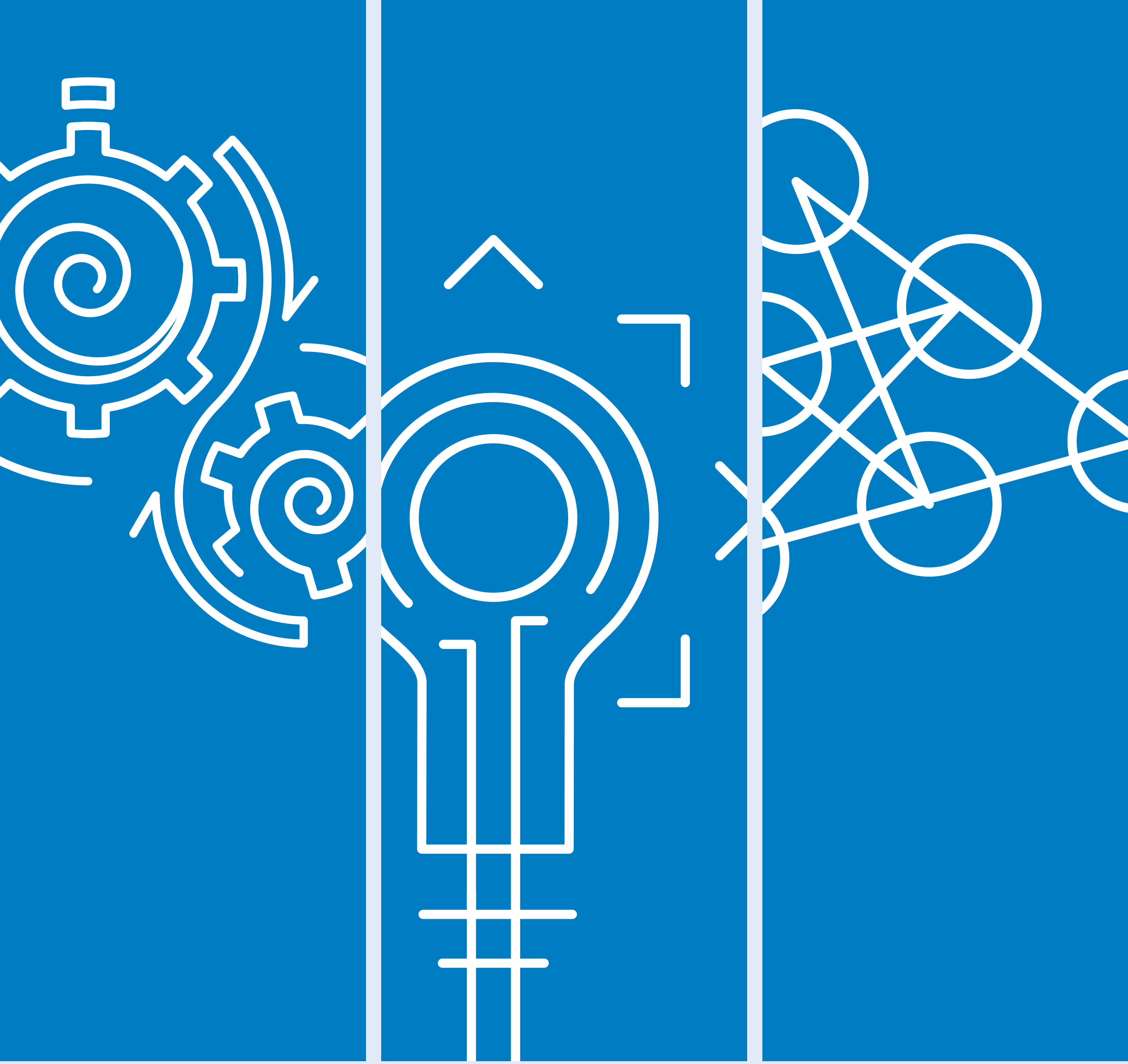
The Company has evaluated all events or transactions that occurred after the Balance Sheet date through the date that the financial statements were available for issue. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah

Authorized signatory

Date : May 10, 2017



Infosys Technologies (Australia) Pty. Limited

Independent Auditors' Report

To the Members of Infosys Technologies (Australia) Pty. Limited (Infosys Australia)

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ('the Company'), which comprises the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies, and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income and its cash flows, and the changes in equity 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:

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March, 2017 is not applicable to the Company; and

v) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Place: Bengaluru
Date: April 10, 2017

Balance Sheet

in AU $

Particulars	Note	As at		
		March 31,		April 1,
		2017	2016	2015
ASSETS				
Current assets				
Financial assets				
Cash and cash equivalents	2.1	7,524,558	7,410,960	7,349,111
Other financial assets	2.2	10,948	–	11,811
Total current assets		7,535,506	7,410,960	7,360,922
Total assets		7,535,506	7,410,960	7,360,922
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.5	1,108,881	1,108,881	1,108,881
Other equity		6,254,743	6,235,748	6,048,942
Total equity		7,363,624	7,344,629	7,157,823
Liabilities				
Current liabilities				
Financial liabilities				
Other financial liabilities	2.4	129,785	29,074	60,507
Income tax liabilities, net	2.6	42,097	37,258	142,592
Total current liabilities		171,882	66,332	203,099
Total equity and liabilities		7,535,506	7,410,960	7,360,922

The accompanying notes form an integral part of the 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

Bengaluru
Date : April 10, 2017

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjit V.G.
Director

Statement of Profit and Loss

in AU $, per equity share data

Particulars	Note	For the year ended March 31	
		2017	2016
Revenue from operations		–	–
Other income	2.7	109,557	119,095
Total income		109,557	119,095
Expenses			
Consultancy and professional charges		6,036	–
Other expenses		1,739	–
Total expenses		7,775	–
Profit before tax		101,782	119,095
Tax expense			
Current tax	2.6	82,786	(67,711)
Profit for the period		18,996	186,806
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the period		18,996	186,806
Earnings per equity share			
Equity shares of par value AU $ 0.11 each			
Basic (AU $)		0.00	0.02
Diluted (AU $)		0.00	0.02
Weighted average equity shares used in computing earnings per equity share			
Basic		10,108,869	10,108,869
Diluted		10,108,869	10,108,869

The accompanying notes form an integral part of the 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 (Australia) Pty. Limited

M Rathnakar Kamath
Partner
Membership number : 202841

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjit V.G.
Director

Bengaluru
Date : April 10, 2017

Statement of Changes in Equity

in AU $

Particulars	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of April 1, 2015	1,108,881	6,048,942	7,157,823
Changes in equity for the year ended March 31, 2016			
Profit for the period	–	186,806	186,806
Balance as of March 31, 2016	1,108,881	6,235,748	7,344,629
Balance as of April 1, 2016	1,108,881	6,235,748	7,344,629
Changes in equity for the year ended March 31, 2017			
Profit for the period	–	18,996	18,996
Balance as of March 31, 2017	1,108,881	6,254,743	7,363,624

The accompanying notes form an integral part of the 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

Bengaluru

Date : April 10, 2017

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjit V.G.
Director

Statement of Cash Flows

in AU $

Particulars	For the year ended March 31,	
	2017	2016
Cash flow from operating activities		
Profit for the period	18,996	186,806
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	82,786	(67,711)
Changes in assets and liabilities		
Other financial assets	(10,948)	11,811
Other financial liabilities, other liabilities and provisions	100,711	(31,433)
Cash generated from operations	191,545	99,473
Income taxes paid	(77,947)	(37,624)
Net cash generated by operating activities	113,598	61,849
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	113,598	61,849
Cash and cash equivalents at the beginning of the period	7,410,960	7,349,111
Cash and cash equivalents at the end of the period	7,524,558	7,410,960

The accompanying notes form an integral part of the 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

Bengaluru

Date : April 10, 2017

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

Andrew Groth
Chief Executive Officer and Managing Director

Dheeshjit V.G.
Director

Significant accounting policies

Company overview

Infosys Technologies (Australia) Pty. Limited (Infosys Australia) 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 April 1 to March 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS – 101 First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 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 Presentation currency

The Company's presentation currency is the Australian Dollar.

1.4 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.5 Foreign currency

Functional currency

The functional currency of the Company is the Australian Dollar. These financial statements are presented in Australian Dollar.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.6 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

1.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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.

1.8 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities.

1.9 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.

2 Notes to the standalone financial statements for the year ended March 31, 2017

First-time adoption of Ind AS

These standalone financial statements of Infosys Technologies (Australia) Pty. Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements and the comparative information for the year ended March 31, 2017. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, Reconciliation Statements in accordance with Ind AS 101 have not been presented. There was no significant reconciliation for Cash Flow Statement under IGAAP and Ind AS.

2.1 Cash and cash equivalents

in AU $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Balances with banks			
In current and deposit accounts	7,524,558	7,410,960	7,349,111
	7,524,558	7,410,960	7,349,111

2.2 OTHER FINANCIAL ASSETS

in AU $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Interest accrued but not due	10,948	–	8,770
Others	–	–	3,041
Total	10,948	–	11,811

2.3 Financial Instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in AU $

Particulars	As at 31 March		
	2017	2016	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.1)*	7,524,558	7,410,960	7,349,111
Other financial assets *(Refer to Note 2.2)*	10,948	–	11,811
Total	7,535,506	7,410,960	7,360,922
Liabilities			
Other financial liabilities *(Refer to Note 2.4)*	129,785	29,074	60,507
Total	129,785	29,074	60,507

All the above financial instruments are carried at amortized cost and the carrying value approximates the face value.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, and the cash flow that is generated from operations. The Company has no outstanding borrowings.

As of March 31, 2017, the Company had a working capital of AU $ 7,363,624 including cash and cash equivalents of AU $ 7,524,558. As of March 31, 2016, the Company had a working capital of AU $ 7,344,628 including cash and cash equivalents of AU $ 7,410,960.

2.4 Other financial liablities

in AU $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Others			
Accrued expenses [(1)]	27,395	29,074	60,507
Others	102,390	–	–
Total financial liabilities	129,785	29,074	60,507

[(1)] Financial liability carried at amortized cost

2.5 EQUITY

Equity share capital

in AU $, except as otherwise stated

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Authorized			
Equity shares,			
10,108,869 (10,108,869) equity shares AU $ 0.11 par value	1,108,881	1,108,881	1,108,881
Issued, subscribed and paid-up			
Equity shares	1,108,881	1,108,881	1,108,881
10,108,869 (10,108,869) equity shares AU $ 0.11 par value fully paid-up			
	1,108,881	1,108,881	1,108,881

The details of shareholder holding more than 5% shares are as follows:

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited	1,01,08,869	100.00	1,01,08,869	100.00

2.6 INCOME TAXES

Income tax expense in the Statement of Profit and Loss comprises:

in AU $

Particulars	Year ended March 31,	
	2017	2016
Current taxes	82,786	(67,711)
Income tax expense	82,786	(67,711)

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

in AU $

Particulars	Year ended March 31,	
	2017	2016
Profit before income taxes	101,782	119,095
Enacted tax rates in Australia	30.00%	30.00%
Computed expected tax expense	30,535	35,728
Tax effect due to non-taxable income	(2,640)	17,463
Effect of non-deductible expenses	54,891	(120,902)
Income tax expense	82,786	(67,711)

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 30%.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

in AU $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Income tax assets	–	–	–
Current income tax liabilities	42,097	37,258	142,592
Net current income tax assets / (liability) at the end	(42,097)	(37,258)	(142,592)

The gross movement in the current income tax asset / (liability) is as follows:

in AU $

Particulars	Year ended March 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(37,258)	(142,592)
Income tax paid	77,947	37,624
Current income tax expense	(82,786)	67,711
Net current income tax asset / (liability) at the end	(42,097)	(37,258)

2.7 Other income

in AU $

Particulars	Year ended March 31	
	2017	2016
Interest received on deposit with bank	100,761	160,469
Exchange gains / (losses) on translation of other assets and liabilities	8,796	(58,210)
Miscellanous income	–	16,836
	109,557	119,095

2.8 Related party transactions

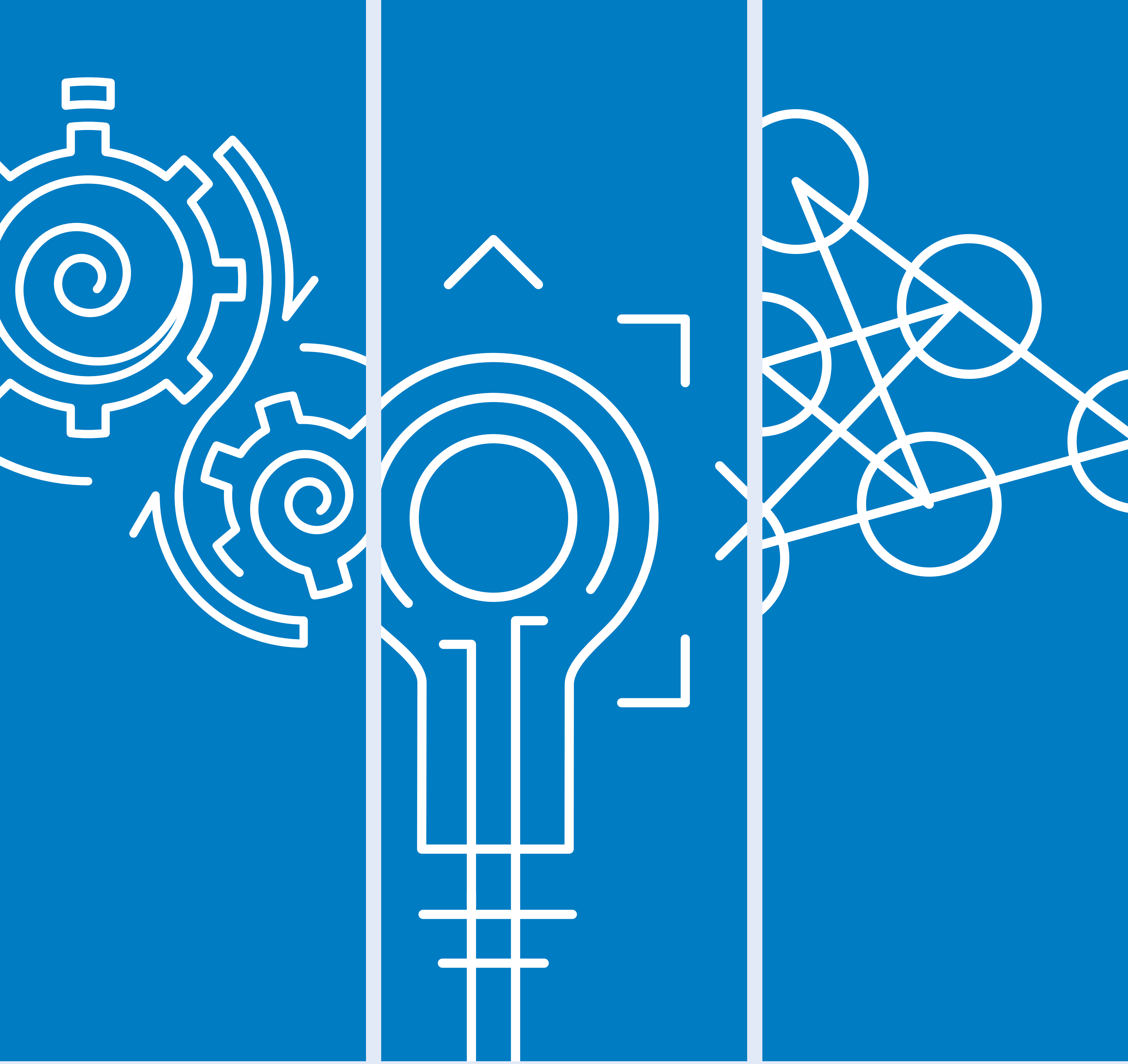
List of related parties

Name of Holding Company	Country	Holding as at		
		March 31,		April 1,
		2017	2016	2015
Infosys Limited	India	100%	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. USA (Infosys Public Services)	U.S.
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
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 Ltd(1)	Australia
Portland Procurement Services Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(1)(16)	U.S.
Infosys America Inc (Infosys America)	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 (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (4)	Belgium

Name of fellow subsidiaries	Country
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [21]	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.
Infy Consulting B.V. (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 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][19]	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.
(21) Wholly-owned subsidiary of Infosys



Infosys Americas Inc.

Independent Auditors' Report

To the Members of Infosys Americas Inc.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Americas Inc. ('the Company'), which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2017, and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company; and

v) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : April 10, 2017

Balance Sheet

in US $

Particulars	Note	As at		
		March 31,		April 1,
		2017	2016	2015
ASSETS				
Current assets				
Financial assets				
Cash and cash equivalents	2.1	88,285	93,038	96,798
Income tax assets, net	2.5	–	–	736
Total current assets		88,285	93,038	97,534
Total assets		88,285	93,038	97,534
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.4	100,000	100,000	100,000
Other equity		(14,165)	(12,573)	(3,202)
Total equity		85,835	87,427	96,798
LIABILITIES				
Current liabilities				
Financial liabilities				
Other financial liabilities	2.3	2,450	4,011	736
Income tax liabilities, net	2.5	–	1,600	–
Total current liabilities		2,450	5,611	736
Total equity and liabilities		88,285	93,038	97,534

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

for and on behalf of the Board of Directors of Infosys Americas Inc.

Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Sandeep Dadlani
Chairman

Mohit Joshi
Director

Bengaluru
Date : April 10, 2017

Statement of Profit and Loss

in US $, except per equity share data

Particulars	Note	For the year ended March 31	
		2017	2016
Revenue from operations		–	–
Total income		–	–
Expenses			
Consultancy and professional charges		2,450	4,650
Other expenses	2.6	742	824
Total expenses		3,192	5,474
Loss before tax		(3,192)	(5,474)
Tax expense			
Current tax	2.5	(1,600)	3,897
Loss for the period		(1,592)	(9,371)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the period		(1,592)	(9,371)
Loss per equity share			
Equity shares of par value US $ 10/- each			
Basic (US $)		(0.16)	(0.94)
Diluted (US $)		(0.16)	(0.94)
Weighted average equity shares used in computing earnings per equity share			
Basic		10,000	10,000
Diluted		10,000	10,000

The accompanying notes form an integral part of the 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

Bengaluru
Date : April 10, 2017

for and on behalf of the Board of Directors of Infosys Americas Inc.

Sandeep Dadlani
Chairman

Mohit Joshi
Director

Statement of Changes in Equity

in US $

Particulars	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of April 1, 2015	100,000	(3,202)	96,798
Changes in equity for the year ended March 31, 2016			
Loss for the period		(9,371)	(9,371)
Balance as of March 31, 2016	100,000	(12,573)	87,427
Balance as of April 1, 2016	100,000	(12,573)	87,427
Changes in equity for the year ended March 31, 2017			
Loss for the period		(1,592)	(1,592)
Balance as of March 31, 2017	100,000	(14,165)	85,835

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

for and on behalf of the Board of Directors of Infosys Americas Inc.

Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Sandeep Dadlani
Chairman

Mohit Joshi
Director

Bengaluru
Date : April 10, 2017

Statements of Cash Flows

in US $

Particulars	For the year ended March 31,	
	2017	2016
Cash flow from operating activities		
Loss for the period	(1,592)	(9,371)
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	(1,600)	3,897
Changes in assets and liabilities		
Other financial liabilities, other liabilities and provisions	(1,561)	3,275
Cash used in operations	(4,753)	(2,199)
Income taxes paid	–	(1,561)
Net cash used in operating activities	(4,753)	(3,760)
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	(4,753)	(3,760)
Cash and cash equivalents at the beginning of the period	93,038	96,798
Cash and cash equivalents at the end of the period	88,285	93,038

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

for and on behalf of the Board of Directors of Infosys Americas Inc.

Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Sandeep Dadlani
Chairman

Mohit Joshi
Director

Bengaluru
Date : April 10, 2017

Significant accounting policies

Company overview

Infosys Americas Inc. (Infosys America) is a wholly-owned subsidiary of Infosys Limited.

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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the US Dollar.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.6 Financial instruments

1.6.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.6.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.7 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.8 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

1.9 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in the US Dollar.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.10 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. 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 realized.

1.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 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.

2 Notes to the financial statements for the year ended March 31, 2017

First-time adoption of Ind AS

These standalone financial statements of Infosys Americas Inc. for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, Reconciliation Statement in accordance with Ind AS 101 have not been presented. There was no significant reconciliation for Cash Flow Statement under IGAAP and Ind AS.

2.1 Cash and cash equivalents

in US $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Balances with banks			
In current accounts	88,285	93,038	96,798
	88,285	93,038	96,798

2.2 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in US $

Particulars	As at March 31,		
	2017	2016	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.5)*	88,285	93,038	96,798
Total	88,285	93,038	96,798
Liabilities			
Other financial liabilities *(Refer to Note 2.3)*	–	1,561	736
Total	–	1,561	736

All the above financial instruments are carried at amortized cost and the carrying value approximates the fair value.

Financial risk management

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding bank borrowings. The Company had a working capital of US $ 85,835 and US $ 87,427 as of March 31, 2017 and March 31, 2016, respectively.

2.3 Other financial liabilities

in US $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Others			
Accrued expenses [(1)]	2,450	2,450	–
Other payables [(1)]	–	1,561	736
Total financial liabilities	2,450	4,011	736
[(1)] Includes dues from holding company *(Refer to Note 2.7)*	–	1,561	736
All financial liabilities are carried at amortized cost			

2.4 Equity

Equity share capital

in US $, except as otherwise stated

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Authorized			
Equity shares			
10,000 (10,000) equity shares of US $ 10 par value	100,000	100,000	100,000
Issued, subscribed and paid-up			
Equity shares	100,000	100,000	100,000
10,000 (10,000) equity shares of US $ 10 par value			
	100,000	100,000	100,000

The details of shareholder holding more than 5% shares are as follows:

in numbers, except as stated otherwise

Name of the shareholder	As at March 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited	10,000	100.00	10,000	100.00

2.5 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in US $

Particulars	For the year ended March 31,	
	2017	2016
Current taxes	(1,600)	3,897
Income tax expense	(1,600)	3,897

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

in US $

Particulars	For the year ended March 31,	
	2017	2016
Profit before income taxes	(3,192)	(5,474)
Enacted tax rates	40%	40%
Computed expected tax expense	(1,277)	(2,190)
Effect of unrecognized deferred tax assets on loss	1,277	2,190
Others	(1,600)	3,897
Income tax expense	(1,600)	3,897

The following table provides the details of income tax assets and income tax liabilities:

in US $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Income tax assets	–	–	736
Current income tax liabilities	–	1,600	–
Net current income tax assets / (liability) at the end	–	(1,600)	736

The gross movement in the current income tax asset / (liability) is as follows:

in US $

Particulars	For the year ended March 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(1,600)	736
Income tax paid	–	1,561
Current income tax expense	1,600	(3,897)
Net current income tax asset / (liability) at the end	–	(1,600)

2.6 Expenses

in US $

Particulars	For the year ended March 31	
	2017	2016
Other expenses		
Rates and taxes	300	350
Bank charges	442	474
	742	824

2.7 Related party transactions

List of related parties :

Name of holding company	Country	Holding as at		
		March 31,		April 1,
		2017	2016	2015
Infosys Limited	India	100%	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. USA (Infosys Public Services)	U.S.
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
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 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
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 (6)(18)	Switzerland
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (3)(20)	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) (21)	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.
Infy Consulting B.V. (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 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)(19)	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 subsidiary 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.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.
(21) Wholly-owned subsidiary of Infosys

The details of amounts due to or due from related parties as at are as follows:

in US $

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Other financial liabilities			
Infosys Limited	–	1,561	736
	–	1,561	736

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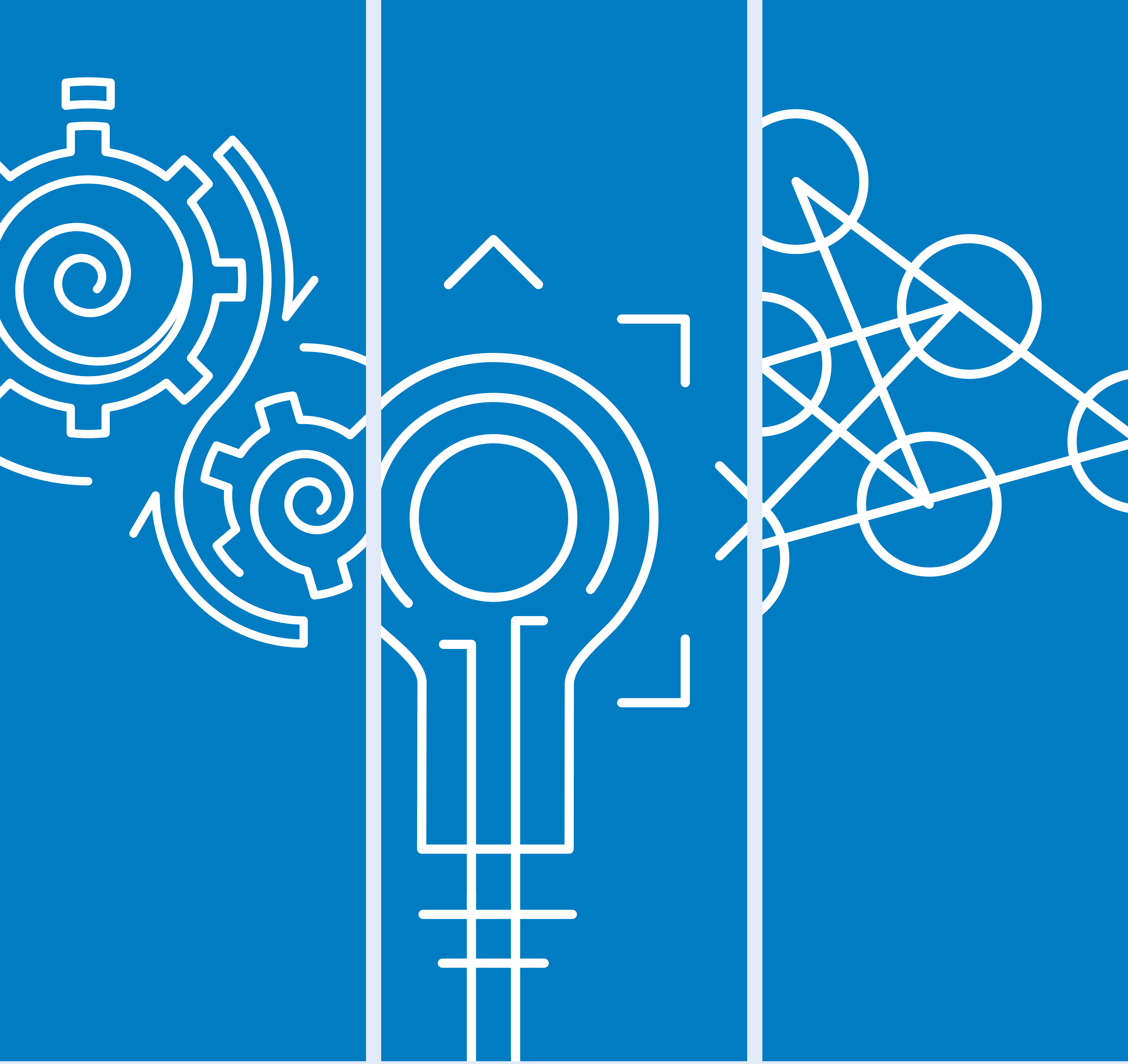

Kallidus Inc.

Independent Auditors' Report

To the Board of Directors of Infosys Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Kallidus Inc. ('the Company') subsidiary company of Infosys Limited ('the Holding Company'), which comprise the Balance Sheet as at 31 December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as specified under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder.

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December 2016, and its financial performance including other comprehensive income for the year then ended, its cash flows, and the changes in equity for the year then ended.

Other matters

The comparative financial information of the Company for the year ended 31 December 2015 and the transition date opening Balance Sheet as at 1 January 2015, included in these Ind AS financial statements, are based on the previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 December 2015 and 31 December 2014 dated 8 January 2016 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
23 May 2017

Balance Sheet

in US $

Particulars	Note	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	1,451,986	39,987	22,602
Deferred tax assets, net	2.13	2,156,051	892,422	–
Income tax assets, net	2.13	253,114	–	75,537
Total non-current assets		3,861,151	932,409	98,139
Current assets				
Financial assets				
Trade receivables	2.5	15,483,922	9,195,753	6,882,799
Cash and cash equivalents	2.6	14,381,792	5,527,057	13,619,891
Loans to employees	2.3	–	–	1,417
Other financial assets	2.4	3,267,150	162,347	1,326,966
Other current assets	2.7	882,823	656,142	402,689
Total current assets		34,015,687	15,541,299	22,233,762
Total assets		37,876,838	16,473,708	22,331,901
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.9	2,479,691	2,479,691	20,000
Other equity		20,272,869	5,332,576	17,699,931
Total equity		22,752,560	7,812,267	17,719,931
LIABILITIES				
Non-current liabilities				
Other non-current liabilities	2.10	1,924,022	1,908,476	–
Total non-current liabilities		1,924,022	1,908,476	–
Current liabilities				
Financial liabilities				
Trade payables	2.11	3,027,421	2,111,861	198,646
Other financial liabilities	2.10	6,506,018	3,214,293	1,111,942
Other current liabilities	2.12	875,412	613,298	516,377
Income tax liabilities, net	2.13	2,791,405	813,513	2,785,005
Total current liabilities		13,200,256	6,752,965	4,611,970
Total equity and liabilities		37,876,838	16,473,708	22,331,901

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

Bengaluru
May 23, 2017

for and on behalf of the Board of Directors of
Kallidus Inc.

Arish Ali
Chief Executive Office

Frank Clark
Director

Statement of Profit and Loss

in US $, except share and per share data

Particulars	Note	For the year ended December 31,	
		2016	2015
Revenue from operations	2.14	56,230,421	32,409,266
Other income, net	2.15	37,319	11,065
Total income		56,267,740	32,420,331
Expenses			
Employee benefit expenses	2.16	14,509,755	12,794,017
Cost of technical sub-contractors		8,960,662	6,078,063
Travel expenses		878,194	596,410
Cost of software packages and others	2.16	300,912	229,327
Communication expenses		4,369,789	1,293,109
Consultancy and professional charges		1,060,705	4,442,949
Depreciation expense	2.2	75,939	9,974
Finance cost		–	35,260
Other expenses	2.16	1,268,142	1,074,486
Total expenses		31,424,098	26,553,595
Profit before tax		24,843,642	5,866,736
Tax expense			
Current tax	2.13	11,166,978	3,112,941
Deferred tax	2.13	(1,263,629)	(892,422)
Profit for the period		14,940,293	3,646,217
Other comprehensive income		–	–
Total comprehensive income for the period		14,940,293	3,646,217
Earnings per equity share			
Equity shares			
Basic and diluted (US $)		0.15	0.04
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		102,135,416	102,078,993

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

Bengaluru
May 23, 2017

for and on behalf of the Board of Directors of Kallidus Inc.

Arish Ali
Chief Executive Office

Frank Clark
Director

Statement of Cash Flows

in US $

Particulars	Note	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities			
Profit before income taxes		24,843,642	5,866,736
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation		75,939	9,974
Interest expense		–	35,260
Interest and other income		(10,518)	(11,065)
Loss on sale of assets		1,704	–
Other adjustments		–	(1,604,216)
Changes in operating assets and liabilities			
Accounts receivables		(6,288,169)	(2,312,954)
Unbilled revenues		(3,050,592)	1,038,516
Prepayments and other assets		(280,893)	(125,933)
Trade payables		915,560	1,913,214
Unearned revenues		262,114	96,921
Other liabilities and provisions		3,307,272	4,010,826
Cash provided by operating activities		19,776,059	8,917,279
Income taxes paid		(9,442,200)	(5,008,896)
Net cash provided by operating activities		10,333,859	3,908,383
Cash flow from investing activities			
Purchase of property, plant, and equipment		(1,489,642)	(27,358)
Interest and other income		10,518	11,065
Net cash used in investing activities		(1,479,124)	(16,293)
Cash flow from financing activities			
Loan received from parent company		–	1,500,000
Loan repaid to parent company		–	(1,500,000)
Interest on loan from parent company		–	(35,260)
Additional capital contribution		–	2,459,691
Distribution to shareholders		–	(14,409,355)
Net cash used in financing activities		–	(11,984,924)
Net increase / (decrease) in cash and cash equivalents		8,854,735	(8,092,834)
Cash and cash equivalents at the beginning of the year		5,527,057	13,619,891
Cash and cash equivalents at the end of the year	2.6	14,381,792	5,527,057

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

Bengaluru
May 23, 2017

for and on behalf of the Board of Directors of Kallidus Inc.

Arish Ali
Chief Executive Office

Frank Clark
Director

Statement of Changes in Equity

in US $, except share data

	Share capital	Retained earnings	Total equity of the Company
Balance as of January 1, 2015	20,000	17,699,930	17,719,930
Additional capital contribution	2,459,691	–	2,459,691
Changes in stockholders' equity for the year ended December 31, 2015	–	(1,604,216)	(1,604,216)
Distribution to shareholders	–	(14,409,355)	(14,409,355)
Net profit for the year	–	3,646,217	3,646,217
Balance as of December 31, 2015	2,479,691	5,332,576	7,812,267
Balance as of January 1, 2016	2,479,691	5,332,576	7,812,267
Net profit for the year	–	14,940,293	14,940,293
Balance as of December 31, 2016	2,479,691	20,272,869	22,752,560

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

Bengaluru
May 23, 2017

for and on behalf of the Board of Directors of
Kallidus Inc.

Arish Ali
Chief Executive Office

Frank Clark
Director

Significant accounting policies

Company overview

Kallidus Inc. ('the Company') 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.

In 2015, the Company elected to revoke its status as an S corporation and has elected to be treated as a C corporation.

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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Companies Act 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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 expected credit losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant and equipment.

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.

1.4 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. License fee and maintenance revenues are recognized when the general revenue recognition criteria given are met.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time-value of money and the risks specific to the liability

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 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 recognizes any impairment loss on the assets associated with that contract.

1.7 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

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

Leasehold improvements are amortized over the term of lease or the estimated useful life of the asset, whichever is lower.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(1) For these class of assets, based on internal assessment, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

Non-financial assets

Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of those from other assets.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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.

1.12 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in US Dollars.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

1.14 Cash Flow Statement

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

1.15 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

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 equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they occurred.

2 Notes to the financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These financial statements of Kallidus Inc. for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, reconciliation statements in accordance with Ind AS 101 have not been presented. There was no significant reconciliation for Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in US $

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	–	354	25,677	29,806	55,837
Additions	1,139,287	1,579	346,780	1,996	1,489,642
Deletions	–	–	–	(2,009)	(2,009)
Gross carrying value as of December 31, 2016	1,139,287	1,933	372,457	29,793	1,543,470
Accumulated depreciation as of January 1, 2016	–	(23)	(2,520)	(13,307)	(15,850)
Depreciation	(39,194)	(211)	(34,527)	(2,007)	(75,939)
Accumulated depreciation on deletions	–	–	–	305	305
Accumulated depreciation as of December 31, 2016	(39,194)	(234)	(37,047)	(15,009)	(91,484)
Carrying value as of December 31, 2016	1,100,093	1,699	335,410	14,784	1,451,986

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in US $

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	–	–	–	28,479	28,479
Additions	–	354	25,677	1,327	27,358
Gross carrying value as of December 31, 2015	–	354	25,677	29,806	55,837
Accumulated depreciation as of January 1, 2015	–	–	–	(5,876)	(5,876)
Depreciation	–	(23)	(2,520)	(7,431)	(9,974)
Accumulated depreciation as of December 31, 2015	–	(23)	(2,520)	(13,307)	(15,850)
Carrying value as of December 31, 2015	–	331	23,157	16,499	39,987

2.3 Loans

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Loans to employees	–	–	1,417
	–	–	1,417
Total Loans	–	–	1,417

2.4 Other financial assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Rental deposits [1]	59,488	100,300	227,731
Unbilled revenues [1][2]	3,108,323	57,731	1,096,247
Others [1][3]	99,339	4,316	2,988
Total	3,267,150	162,347	1,326,966
[1] Financial assets carried at amortized cost	3,267,150	162,347	1,326,966
[2] Includes dues from related parties *(Refer to Note 2.18)*	2,956,500	57,731	–
[3] Includes dues from related party *(Refer to Note 2.18)*	25,721	–	–

2.5 Trade receivables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	15,483,922	9,195,753	6,882,799
	15,483,922	9,195,753	6,882,799
[1] Includes dues from related party *(Refer to Note 2.18)*	2,984,557	–	–

2.6 Cash and cash equivalents

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with bank			
In current accounts	14,381,792	5,527,057	13,619,891
	14,381,792	5,527,057	13,619,891

2.7 Other assets

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	882,823	656,142	402,689
Total other assets	882,823	656,142	402,689

2.8 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	14,381,792	5,527,057	13,619,891
Trade receivables *(Refer to Note 2.5)*	15,483,922	9,195,753	6,882,799
Loans *(Refer to Note 2.3)*	–	–	1,417
Other financial assets *(Refer to Note 2.4)*	3,267,150	162,347	1,326,966
Total	33,132,864	14,885,157	21,831,073

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Liabilities			
Trade payables *(Refer to Note 2.11)*	3,027,421	2,111,861	198,646
Other financial liabilities *(Refer to Note 2.10)*	8,059,057	4,800,190	1,111,942
Total	11,086,478	6,912,051	1,310,588

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US $ 15,483,922 and US $ 9,195,753 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to US $ 3,108,323 and US $ 57,731 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was nil and US $ 5,159 for the year ended December 31, 2015.

in US $

Particulars	For the year ended December 31,	
	2016	2015
Balance at the beginning	–	–
Impairment loss recognized / reversed	–	5159
Amounts written off	–	(5,159)
Translation differences	–	–
Balance at the end	–	–

Credit risk on cash and cash equivalents is limited as they are deposited with banks with high credit ratings assigned by credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2016, the Company had a working capital of US $ 20,815,431 including cash and cash equivalents of US $ 14,381,792. As of December 31, 2015, the Company had a working capital of US $ 8,788,334 including cash and cash equivalents of US $ 5,527,057.

The details regarding the contractual maturities of significant financial liabilities as of December 31, 2016 are as follows:

in US $

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	3,027,421	–	–	–	3,027,421
Other financial liabilities	6,135,035	1,924,022	–	–	8,059,057

The details regarding the contractual maturities of significant financial liabilities as of December 31, 2015 are as follows:

in US $

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	2,111,861	–	–	–	2,111,861
Other financial liabilities	2,891,714	1,908,476	–	–	4,800,190

2.9 Equity

Equity share capital

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity shares			
22,20,00,000 equity shares	–	–	–
Issued, subscribed and paid-up			
Equity shares,	2,479,691	2,479,691	20,000
10,21,35,416 equity shares fully paid-up			
	2,479,691	2,479,691	20,000

The details of shareholder holding more than 5% shares are as follows:

in US $, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Infosys Limited[1]	10,21,35,416	100.00	10,21,35,416	100.00

[1] Infosys acquired Kallidus on 2nd June, 2015.

2.10 Other financial liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Accrued compensation to employees [1]	1,924,022	1,908,476	–
	1,924,022	1,908,476	–
Current			
Others			
Accrued compensation to employees [1]	5,263,656	2,791,129	–
Accrued expenses [1] [2] [4]	844,133	96,818	1,111,517
Compensated absences	370,983	322,579	–
Other payables [1] [3]	27,246	3,767	425
	6,506,018	3,214,293	1,111,942
Total financial liabilities	8,430,040	5,122,769	1,111,942
[1] Financial liability carried at amortized cost	8,059,057	4,800,190	1,111,942
[2] Includes dues to related party *(Refer to Note 2.18)*	141,378	–	–
[3] Includes dues to related party *(Refer to Note 2.18)*	16,695	–	–
[4] Includes dues to related party *(Refer to Note 2.18)*	–	–	206,638

2.11 Trade payables

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	3,027,421	2,111,861	198,646
	3,027,421	2,111,861	198,646
[1]Includes dues to related parties *(Refer to Note 2.18)*	2,720,652	1,933,190	–

2.12 Other liabilities

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	875,412	613,298	516,377
Total	875,412	613,298	516,377

2.13 Income taxes

Income tax expense in the statement of profit and loss comprises:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	11,166,978	3,112,941
Deferred taxes	(1,263,629)	(892,422)
Income tax expense	9,903,349	2,220,519

Current tax expense for the year ended December 31, 2016 and December 31, 2015 includes provision amounting to US $ 838,531 and US $ 181,356 respectively pertaining to prior periods.

Entire deferred income tax for the year ended December 31, 2016 and December 31, 2015 relates to origination and reversal of temporary differences.

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

in US $

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	24,843,642	5,866,736
Enacted tax rates in US	41.00%	40.00%
Computed expected tax expense	10,185,893	2,346,695
Tax provision	838,531	181,356
Effect of non-deductible expenses	18,836	10,437
Others	(1,139,911)	(317,969)
Income tax expense	9,903,349	2,220,519

The applicable federal statutory tax rate for fiscal 2017 is 41% and fiscal 2016 is 40%.

The following table provides the details of income tax assets and income tax liabilities as of December 31, 2016, December 31, 2015 and January 1, 2015:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	253,114	–	75,537
Current income tax liabilities	2,791,405	813,513	2,785,005
Net current income tax assets / (liability) at the end	(2,538,291)	(813,513)	(2,709,468)

The gross movement in the current income tax asset / (liability) for the year ended December 31, 2016 and December 31, 2015 is as follows:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	(813,513)	(2,709,468)
Income tax paid	9,442,200	5,008,896
Current income tax expense	(11,166,978)	(3,112,941)
Net current income tax asset / (liability) at the end	(2,538,291)	(813,513)

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Deferred income tax assets			
Accrued compensation to employees	2,003,948	763,390	–
Compensated absences	152,103	129,032	–
Total deferred income tax assets	2,156,051	892,422	–
Deferred income tax assets after set off	2,156,051	892,422	–
Deferred income 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.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income 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 income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended December 31, 2016 and December 31, 2015 is as follows:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Net deferred income tax asset at the beginning	892,422	–
Credits / (charge) relating to temporary differences	1,263,629	892,422
Net deferred income tax asset at the end	2,156,051	892,422

The credit to temporary differences during the year ended December 31, 2016 and December 31, 2015 are primarily on account of accrued compensation to employees and compensated absences.

2.14 Revenue from operations

in US $

Particulars	For the year ended December 31,	
	2016	2015
Revenue from software services	56,230,421	32,409,266
	56,230,421	32,409,266

2.15 Other income

in US $

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets - Carried at amortized cost		
Deposit with Bank and others	10,518	11,065
Exchange gains / (losses) on translation of other assets and liabilities	(13,307)	–
Miscellaneous income, net	40,108	–
	37,319	11,065

2.16 Expenses

in US $

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	13,607,413	12,121,117
Staff welfare	902,342	672,900
	14,509,755	12,794,017
Cost of software packages and others		
For own use	300,912	229,327
	300,912	229,327

in US $

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Brand and marketing	449,400	585,998
Operating lease payments	690,418	356,425
Rates and taxes	836	736
Repairs and maintenance	38,055	27,552

Particulars	For the year ended December 31,	
	2016	2015
Consumables	3,004	55,999
Insurance	25,321	29,318
Allowances for credit losses on financial assets	–	5,159
Auditor's remuneration		
Audit fees	61,000	–
Others	108	13,299
	1,268,142	1,074,486

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in US $

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	690,418	356,425

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in US $

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	762,181	256,776	356,425
Later than 1 year and not later than 5 years	3,046,723	–	256,776
Later than 5 years	1,524,362	–	–

The operating lease arrangement, is renewable on a periodic basis and extend up to a maximum of 7.5 years from the respective date of inception and relates to rented premises. The lease agreement also have price escalation clause.

2.18 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Limited (1)	India	100%	100%	NIL

(1) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.

Name of 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 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.

Name of subsidiaries	Country
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
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 [6][18]	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	Switzerland
Infosys Consulting (Belgium) NV (formerly 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.
Infy Consulting B.V. (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 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][19]	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 subsidiary 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

[18] Liquidated effective October 5, 2016

[19] Liquidated effective November 16, 2016

[20] Liquidated effective December 21, 2016

The details of amounts due to or due from related parties are as follows:

in US $

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Limited	2,984,557	–	–
	2,984,557	–	–
Other financial assets			
Infosys Limited	25,721	–	–
	25,721	–	–
Unbilled revenues			
Infosys Limited	–	57,731	–
Infosys Shanghai	2,956,500	–	–
	2,956,500	57,731	-
Trade payables			
Infosys Limited	–	–	–
Skava Systems Pvt. Ltd	2,720,652	1,933,190	–
	2,720,652	1,933,190	–
Other Payables			
Infosys Limited	16,695	–	–
	16,695	–	–
Accrued expenses			
Infosys Limited	141,378	–	–
Skava Systems Pvt. Ltd	–	–	206,638
	141,378	–	206,638

The details of the related parties transactions entered into by the Company are as follows:

in US $

Particulars	Year ended December 31,	
	2016	2015
Capital transactions		
Interest Expense		
Infosys Limited	–	35,260
	–	35,260
Revenue transactions		
Purchase of services		
Infosys Limited	136,293	–
Skava Systems Pvt. Ltd	8,367,221	5,764,852
	8,503,514	5,764,852
Sale of services		
Infosys Shanghai	2,956,500	–
Infosys Limited	7,525,556	57,731
	10,482,056	57,731

Loan of US $ 1,500,000 was taken from Infosys Limited on June 23, 2015 @ 6% p.a. and the same was repaid on November 12, 2015.

2.19 Segment-reporting

The Company is engaged in providing software solutions in a single geography. Based on the 'management approach', as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as whole. Its operations are, therefore, considered to constitute a single segment in the context of Accounting Standard 108 - 'Segment Reporting'.

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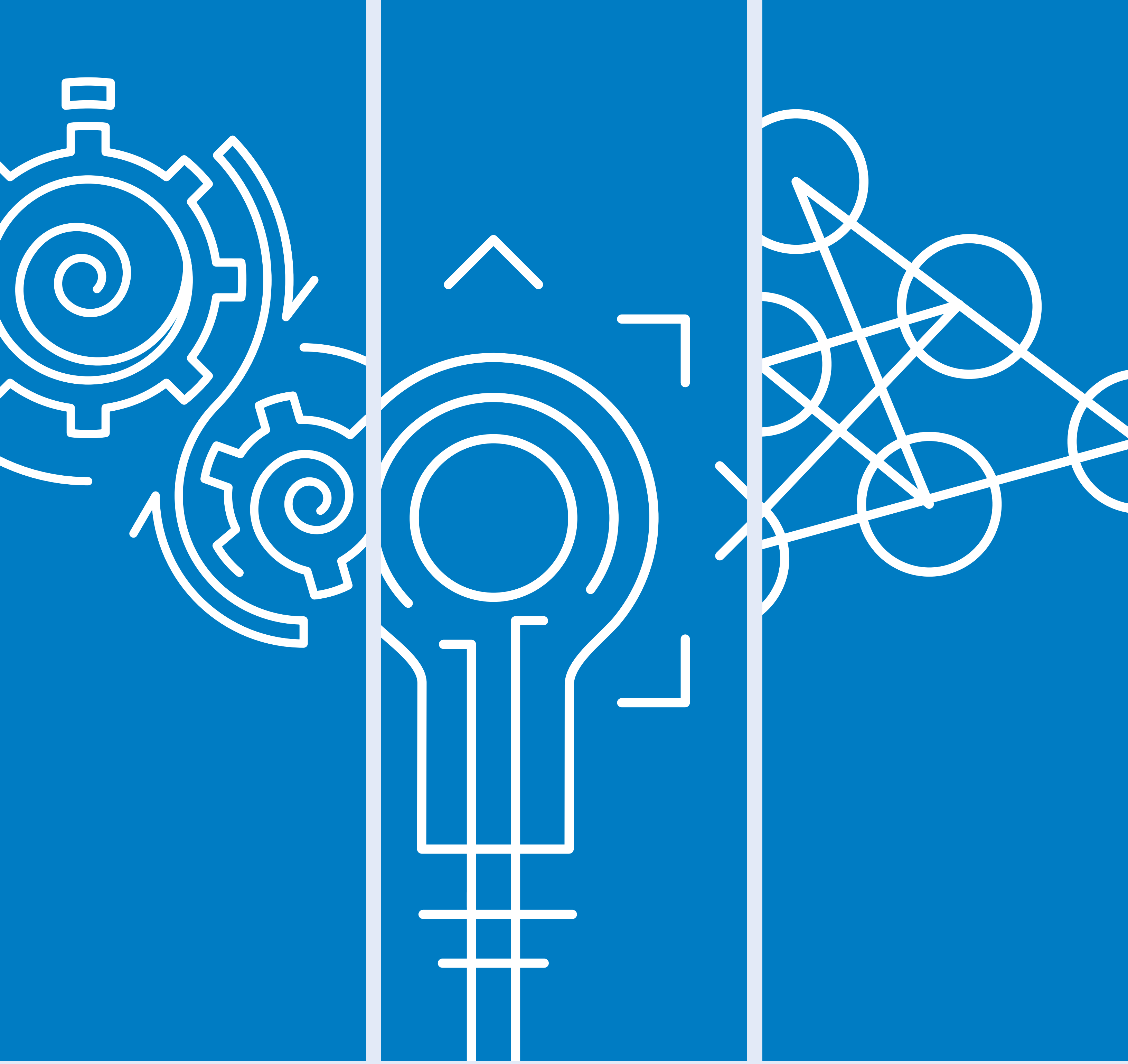


Noah Information Management Consulting Inc.

Independent Auditors' Report

To the Members of Noah Information Management Consulting Inc.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Noah Information Management Consulting Inc. ('the Company'), which comprises the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as (standalone Ind AS financial statements).

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016 and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	5,843	190,598	217,586
Total non-current assets		5,843	190,598	217,586
Current assets				
Financial assets				
Trade receivables	2.5	29,172,573	8,829,896	40,269,489
Cash and cash equivalents	2.6	6,624,002	5,129,763	13,467,811
Loans	2.3	100,780	238,350	–
Other financial assets	2.4	458,549	7,398,762	–
Other current assets	2.7	–	710,591	495,222
Total current assets		36,355,904	22,307,362	54,232,522
Total assets		36,361,747	22,497,960	54,450,108
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.12	520,000	520,000	520,000
Other equity		(145,919,922)	(98,931,561)	(67,581,787)
Total equity		(145,399,922)	(98,411,561)	(67,061,787)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.9	2,093,060	641,048	–
Total non-current liabilities		2,093,060	641,048	–
Current liabilities				
Financial liabilities				
Trade payables	2.10	155,768,029	106,605,573	95,886,687
Other financial liabilities	2.9	23,815,050	13,603,914	25,516,640
Other current liabilities	2.11	85,530	58,986	108,568
Total current liabilities		179,668,609	120,268,473	121,511,895
Total equity and liabilities		36,361,747	22,497,960	54,450,108

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

As per our report of even date attached
for Shenoy and Kamath
Chartered Accountants

Firm's registration number : 0066773S

M Rathnakar Kamath
Partner

Membership number : 202841
Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Noah Information Management Consulting Inc.

John Ruddy
Director

Statement of Profit and Loss

in ₹

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.14	33,012,682	61,754,335
Other income, net	2.15	–	(3,539,798)
Total income		33,012,682	58,214,537
Expenses			
Employee benefit expenses	2.16	61,624,107	85,799,904
Cost of technical sub-contractors		–	2,238,890
Travel expenses		5,792,718	5,986,713
Cost of software packages and others	2.16	–	170,573
Communication expenses		265,025	375,622
Consultancy and professional charges		851,911	2,126,718
Depreciation expenses	2.2	207,532	–
Other expenses	2.16	5,845,388	3,138,015
Total expenses		74,586,681	99,836,435
Loss before tax		(41,573,999)	(41,621,898)
Tax expenses			
Current tax	2.13	–	–
Deferred tax	2.13	–	–
Profit / (loss) for the period		(41,573,999)	(41,621,898)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(5,414,362)	10,272,124
Total other comprehensive income / (loss), net of tax		(5,414,362)	10,272,124
Total comprehensive income / (loss) for the period		(46,988,361)	(31,349,774)

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

As per our report of even date attached
for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

M Rathnakar Kamath
Partner

Membership number : 202841
Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Noah Information Management Consulting Inc.

John Ruddy
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2015	520,000	(70,923,732)	3,341,945	(67,061,787)
Changes in equity for the year ended December 31, 2015				
Currency translation	–	–	10,272,124	10,272,124
Loss for the period	–	(41,621,898)	–	(41,621,898)
Balance as of December 31, 2015	520,000	(112,545,630)	13,614,069	(98,411,561)
Balance as of January 1, 2016	520,000	(112,545,630)	13,614,069	(98,411,561)
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	(5,414,362)	(5,414,362)
Loss for the period	–	(41,573,999)	–	(41,573,999)
Balance as of December 31, 2016	520,000	(154,119,629)	8,199,707	(145,399,922)

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

As per our report of even date attached
for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

M Rathnakar Kamath
Partner

Membership number : 202841
Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Noah Information Management Consulting Inc.

John Ruddy
Director

Statements of Cash Flows

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Cash flow from operating activities		
Loss for the period	(41,573,999)	(41,621,898)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	207,532	–
Exchange differences on translation of assets and liabilities	(5,437,139)	10,299,112
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(20,342,677)	31,439,593
Loans and other financial assets and other assets	7,650,804	(7,614,131)
Trade payables	49,162,456	10,718,886
Other financial liabilities, other liabilities and provisions	11,689,692	(11,321,260)
Cash generated from operations	1,356,669	(8,099,698)
Income taxes paid	–	–
Net cash generated by operating activities	1,356,669	(8,099,698)
Cash flow from investing activities		
Loans to employees	137,570	(238,350)
Net cash provided by / (used in) investing activities	137,570	(238,350)
Cash flow from financing activities		
Net cash used in financing activities	–	–
Net increase / (decrease) in cash and cash equivalents	1,494,239	(8,338,048)
Cash and cash equivalents at the beginning of the period	5,129,763	13,467,811
Cash and cash equivalents at the end of the period	6,624,002	5,129,763

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

As per our report of even date attached
for Shenoy and Kamath
Chartered Accountants
Firm's registration number : 0066773S

M Rathnakar Kamath
Partner

Membership number : 202841
Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of
Noah Information Management Consulting Inc.

John Ruddy
Director

Significant accounting policies

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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.7 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the Property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates Property, plant, and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [(1)]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

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

Advances paid towards the acquisition of Property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to Property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.8.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.11 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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

Functional currency

The functional currency of the Company is the Canadian Dollar. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities.

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.

2 Notes to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Noah Information Management Consulting Inc. for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the cash flow statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	445,744	445,744
Additions	–	–
Deletions	–	–
Translation differences	33,342	33,342
Gross carrying value as of December 31, 2016	479,086	479,086
Accumulated depreciation as of January 1, 2016	(255,146)	(255,146)
Depreciation	(207,532)	(207,532)
Accumulated depreciation on deletions	–	–
Translation differences	(10,565)	(10,565)
Accumulated depreciation as of December 31, 2016	(473,243)	(473,243)
Carrying value as of December 31, 2016	5,843	5,843
Carrying value as of January 1, 2016	190,598	190,598

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2015	508,861	508,861
Additions	–	–
Deletions	–	–
Translation differences	(63,117)	(63,117)
Gross carrying value as of December 31, 2015	445,744	445,744
Accumulated depreciation as of January 1, 2015	(291,275)	(291,275)
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation differences	36,129	36,129
Accumulated depreciation as of December 31, 2015	(255,146)	(255,146)
Carrying value as of December 31, 2015	190,598	190,598
Carrying value as of January 1, 2015	217,586	217,586

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Loans to employees	100,780	238,350	–
Total	100,780	238,350	–

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Security deposits [1]	458,549	–	–
Others [1][2]	–	7,398,762	–
	458,549	7,398,762	–
Total	458,549	7,398,762	–
[1] Financial assets carried at amortized cost	458,549	7,398,762	–
[2] Includes dues from holding company (Refer to Note 2.17)	–	7,398,762	–

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	29,172,573	8,829,896	40,269,489
	29,172,573	8,829,896	40,269,489
[1] Includes dues from ultimate holding company (Refer to Note 2.17)	26,892,500	–	–

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	6,624,002	5,129,763	13,467,811
	6,624,002	5,129,763	13,467,811

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	–	276,794	–
Withholding taxes and others	–	433,797	495,222
	–	710,591	495,222
Total other assets	–	710,591	495,222

2.8 Financial instruments

The carrying value of financial instruments were as follows:

in ₹

Particulars	As at		
	December 31		January 1
	2016	2015	2015
Assets			
Cash and cash equivalents *(Refer to Note 2.6)*	6,624,002	5,129,763	13,467,811
Trade receivables *(Refer to Note 2.5)*	29,172,573	8,829,896	40,269,489
Loans *(Refer to Note 2.3)*	100,780	238,350	–
Other financial assets *(Refer to Note 2.4)*	458,549	7,398,762	–
Total	36,355,904	21,596,771	53,737,300
Liabilities			
Trade payables *(Refer to Note 2.10)*	155,768,029	106,605,573	95,886,687
Other financial liabilities *(Refer to Note 2.9)*	24,345,768	12,945,965	25,516,640
Total	180,113,797	119,551,538	121,403,327

All the above financial instruments are carried at amortized cost and the carrying values approximate their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹29,172,573 and ₹8,829,896 as of December 31, 2016 and December 31, 2015, respectively. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

As of December 31, 2016 and December 31, 2015 the Company had cash and cash equivalents of ₹6,624,002 and ₹5,129,763 respectively.

2.9 Other financial liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Accrued compensation to employees	2,093,060	641,048	–
	2,093,060	641,048	–
Current			
Others			
Accrued compensation to employees	10,392,700	12,304,917	25,516,640
Compensated absences	1,562,342	1,298,997	–
Other payables [1]	11,860,008	–	–
	23,815,050	13,603,914	25,516,640
Total financial liabilities	25,908,110	14,244,962	25,516,640
Financial liability carried at amortized cost	24,345,768	12,945,965	25,516,640
[1] Includes dues to holding company *(Refer to Note 2.17)*	11,860,008	–	–

Accrued compensation to employees ageing (non-current)	As at		
	December 31,		January 1,
	2016	2015	2015
Payable within 1-2 years	2,093,060	531,415	–
Payable within 2-3 years	–	109,633	–
	2,093,060	641,048	–

2.10 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	155,768,029	106,605,573	95,886,687
	155,768,029	106,605,573	95,886,687
[1] Includes dues to subsidiaries (Refer to Note 2.17)	155,747,783	105,872,135	87,565,242

2.11 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Withholding taxes and others	85,530	–	–
Other payables	–	58,986	108,568
	85,530	58,986	108,568
	85,530	58,986	108,568

2.12 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity shares			
	520,000	520,000	520,000
Issued, subscribed and paid-up			
Equity shares fully paid-up	520,000	520,000	520,000
(wholly-owned by Noah Consulting LLC)			
	520,000	520,000	520,000

2.13 Income taxes

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Profit before income taxes	(41,573,999)	(41,621,898)
Enacted tax rates in USA	40.0%	40.0%
Computed expected tax expense	(16,629,600)	(16,648,759)
Effect of unrecognized deferred tax assets	16,629,600	16,648,759
Income tax expense	–	–

The applicable USA statutory tax rate for fiscal 2017 and fiscal 2016 is 40.00%.

2.14 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from software services	33,012,682	61,754,335
	33,012,682	61,754,335

2.15 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Exchange gains / (losses) on foreign currency, net	–	(3,539,798)
	–	(3,539,798)

2.16 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	60,975,503	84,481,333
Staff welfare	648,604	1,318,571
	61,624,107	85,799,904
Cost of software packages and others		
For own use	–	170,573
	–	170,573

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Power and fuel	99,555	302,316
Brand and marketing	1,772,485	206,977
Operating lease payments	249,052	226,780
Repairs and maintenance	–	27,817
Consumables	464,141	570,580
Insurance	281,410	130,959
Others	2,978,745	1,672,586
	5,845,388	3,138,015

2.17 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Noah Consulting LLC (Noah) [14]	USA	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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 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
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 [6][18]	Switzerland
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [3][20]	Switzerland
Infosys Consulting (Belgium) NV (formerly 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)	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.
Infy Consulting B.V. (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 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][19]	Australia
Panaya Japan Co. Ltd.[11]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India
Kallidus Inc. (Kallidus)[13]	U.S.

[(1)] Wholly-owned subsidiary 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.
[(18)] Liquidated effective October 5, 2016.
[(19)] Liquidated effective November 16, 2016.
[(20)] Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Limited	26,892,500	–	–
	26,892,500	–	–
Other payables			
Noah Consulting, LLC	11,860,008	–	–
	11,860,008	–	–
Other receivables			
Noah Consulting, LLC	–	7,398,762	–
	–	7,398,762	–
Trade payables			
Noah Consulting, LLC	155,747,783	105,872,135	87,565,242
	155,747,783	105,872,135	87,565,242

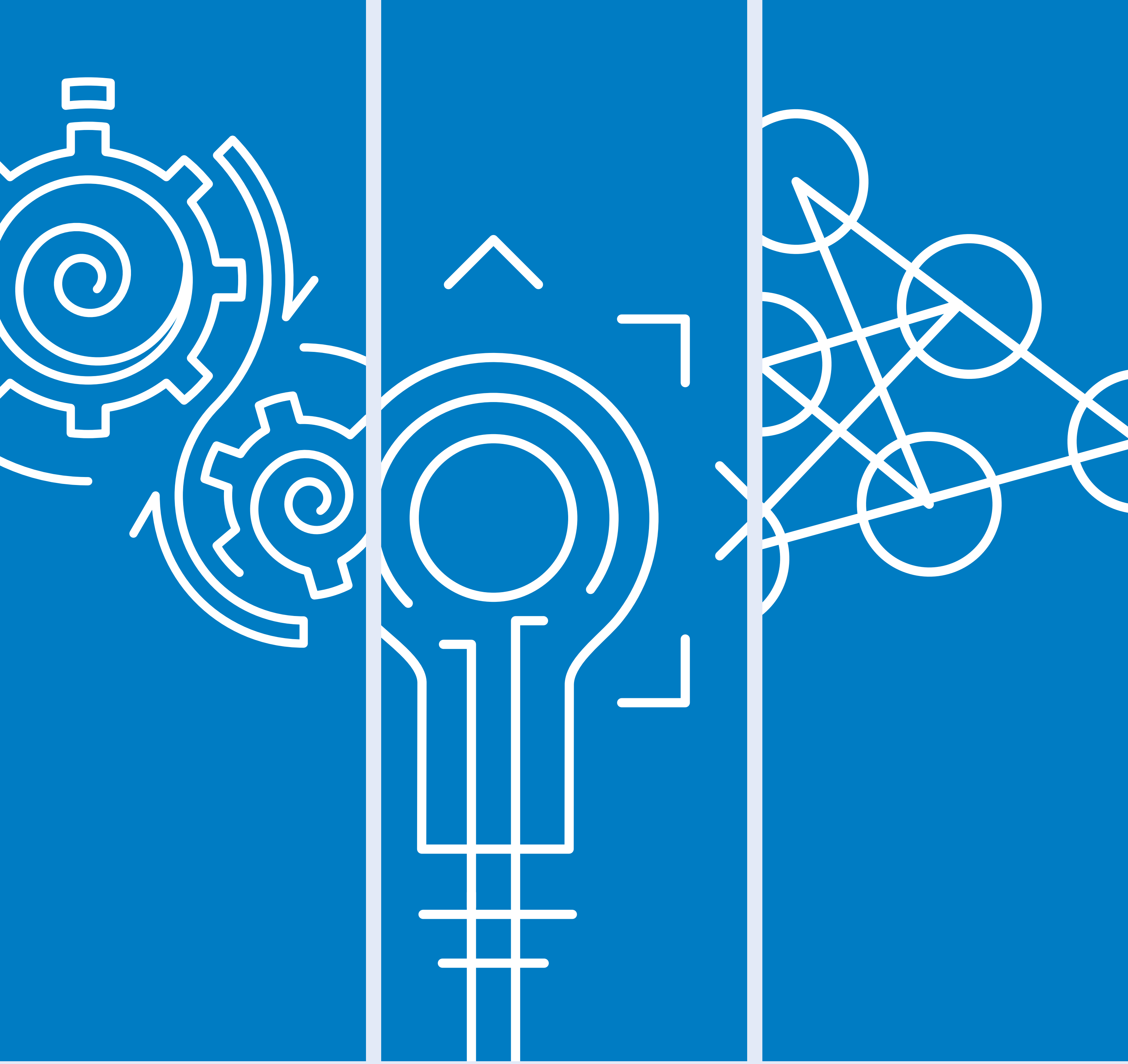
The details of the related parties transactions entered into by the Company are as follows:

in ₹

Particulars	Year ended December 31,	
	2016	2015
Revenue transactions		
Sale of services		
Infosys Limited	27,456,846	–
Noah Consulting, LLC	352,355	7,450,344
	27,809,201	7,450,344

2.18 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach' as defined in Ind AS 108 - 'Segment Reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment Reporting'.



Infosys Consulting GmbH

(formerly Lodestone Management Consultants GmbH)

Independent Auditors' Report

To the Members of Infosys Consulting GmbH

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Consulting GmbH ('the Company'), which comprises the Balance Sheet as at 31st December 2016, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements')

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December 2016 and its financial performance including other comprehensive income and its cash flows and the changes in equity 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 :

I. 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;

II. 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;

III. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and the Statement of Changes in equity dealt with by this report are in agreement with the books of account; and

IV. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in ₹

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2.2	88,70,718	1,25,98,234	2,24,78,963
Financial assets				
Loans	2.3	15,18,43,056	12,33,29,668	13,42,49,267
Income tax assets, net	2.15	–	8,87,75,591	3,56,69,416
Total non-current assets		16,07,13,774	22,47,03,493	19,23,97,646
CURRENT ASSETS				
Financial assets				
Trade receivables	2.5	1,00,11,74,702	95,49,86,885	1,42,56,59,100
Cash and cash equivalents	2.6	47,13,26,361	39,31,63,599	51,06,13,683
Loans	2.3	–	23,59,387	919
Other financial assets	2.4	29,57,18,364	33,32,22,375	33,97,19,255
Other current assets	2.7	5,95,66,690	4,87,82,221	49,03,36,437
Total current assets		1,82,77,86,117	1,73,25,14,467	2,76,63,29,394
Total assets		1,98,84,99,891	1,95,72,17,960	2,95,87,27,040
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2.14	65,36,435	65,36,435	65,36,435
Other equity		(13,52,03,000)	29,22,45,731	35,55,93,315
Total equity		(12,86,66,565)	29,87,82,166	36,21,29,750
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	2.9	49,26,75,655	14,43,02,976	–
Total non-current liabilities		49,26,75,655	14,43,02,976	–
Current liabilities				
Financial liabilities				
Trade payables	2.11	31,04,89,286	25,79,63,757	42,73,60,388
Other financial liabilities	2.10	93,41,48,200	98,82,92,199	1,25,75,91,613
Other current liabilities	2.12	27,49,51,487	24,43,33,857	76,37,54,962
Provisions	2.13	82,25,899	2,35,43,005	2,41,93,535
Income tax liabilities, net	2.15	9,66,75,929	–	12,36,96,792
Total current liabilities		1,62,44,90,801	1,51,41,32,818	2,59,65,97,290
Total equity and liabilities		1,98,84,99,891	1,95,72,17,960	2,95,87,27,040

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 GmbH

M. Rathnakar Kamath
Partner

Membership number : 202841

Michael Dietz
Director

Bengaluru
January 10, 2017

Statement of Profit and Loss

in ₹ , except equity share and per equity share data

Particulars	Note	For the year ended December 31	
		2016	2015
Revenue from operations	2.16	5,50,70,75,867	5,71,30,81,095
Other income, net	2.17	42,499,676	(21,57,745)
Total income		5,54,95,75,543	5,71,09,23,350
Expenses			
Employee benefit expenses	2.18	2,83,14,82,637	2,64,18,37,211
Cost of technical sub-contractors		2,26,83,43,225	2,10,94,46,408
Travel expenses		63,44,92,165	69,58,32,755
Cost of software packages and others	2.18	21,443	8,57,833
Communication expenses		4,08,78,019	4,40,14,317
Consultancy and professional charges		14,50,13,423	17,00,22,652
Finance cost		12,22,144	83,758
Depreciation expense	2.2	90,75,495	97,93,517
Other expenses	2.18	4,48,12,843	7,59,58,569
Total expenses		5,97,53,41,394	5,74,78,47,020
Profit / (loss) before tax		(42,57,65,851)	(3,69,23,670)
Tax expense			
Current tax	2.15	2,20,27,824	1,47,53,622
Deferred tax	2.15	–	–
loss for the period		(44,77,93,675)	(5,16,77,292)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		2,03,44,944	(1,16,70,292)
Total other comprehensive income / (loss), net of tax		2,03,44,944	(1,16,70,292)
Total comprehensive income / (loss) for the period		(42,74,48,731)	(6,33,47,584)
(Loss) per equity share			
Equity shares of par value EUR 50/- each			
Basic & Diluted (₹)		(2,60,345)	(30,045)
Weighted average equity shares used in computing earnings per equity share			
Basic & Diluted		1,720	1,720

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

Bengaluru
January 10, 2017

for and on behalf of the Board of Directors of Infosys Consulting GmbH

Michael Dietz
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other Equity		Total equity attributable to equity holders of the Company
		Reserves & Surplus	Other comprehensive income	
		Retained earnings	Exchange differences on translation	
Balance as of January 1, 2015	65,36,435	29,74,34,870	5,81,58,445	36,21,29,750
Changes in equity for the year ended December 31, 2015				
Currency translation	–	–	(1,16,70,292)	(1,16,70,292)
(Loss) for the period	–	(5,16,77,292)		(5,16,77,292)
Balance as of December 31, 2015	65,36,435	24,57,57,578	4,64,88,153	29,87,82,166
Balance as of January 1, 2016	65,36,435	24,57,57,578	4,64,88,153	29,87,82,166
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	2,03,44,944	2,03,44,944
(Loss) for the period	–	(44,77,93,675)	–	(44,77,93,675)
Balance as of December 31, 2016	65,36,435	(20,20,36,097)	6,68,33,097	(12,86,66,565)

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 GmbH

M. Rathnakar Kamath
Partner

Membership number : 202841

Michael Dietz
Director

Bengaluru
January 10, 2017

Statements of Cash Flows

in ₹

Particulars	For the year ended December 31, 2016	2015
Cash flow from operating activities		
(Loss) for the period	(44,77,93,675)	(5,16,77,292)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	90,75,495	97,93,517
Income tax expense	2,20,27,824	1,47,53,622
Allowance for credit losses on financial assets	(1,92,49,078)	70,35,738
Interest and dividend income	(2,37,798)	(11,307)
Finance Cost	12,22,144	83,758
Other adjustments	(1,35,40,021)	11,01,773
Exchange differences on translation of assets and liabilities	2,02,66,857	(1,02,74,375)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	66,01,148	47,01,13,538
Loans and other financial assets and other assets	(68,20,345)	44,15,74,035
Trade payables	5,25,25,529	(16,93,96,631)
Other financial liabilities, other liabilities and provisions	(2,51,44,387)	(79,04,23,869)
Cash used in operations	(40,10,66,307)	(7,73,27,493)
Income taxes refunded / (paid)	16,34,23,696	(19,15,56,589)
Net cash used in operating activities	(23,76,42,611)	(26,88,84,082)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(54,28,959)	(13,57,658)
Loans to employees	(2,61,54,001)	85,61,131
Interest and dividend received on investments	2,37,798	11,307
Net cash (used in) / generated by investing activities	(3,13,45,162)	72,14,780
Cash flow from financing activities		
Loan from holding company	34,83,72,679	14,43,02,976
Finance cost	(12,22,144)	(83,758)
Net cash from financing activities	34,71,50,535	14,42,19,218
Net decrease in cash and cash equivalents	7,81,62,762	(11,74,50,084)
Cash and cash equivalents at the beginning of the period	39,31,63,599	51,06,13,683
Cash and cash equivalents at the end of the period	47,13,26,361	39,31,63,599

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 GmbH

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Dietz
Director

Bengaluru
January 10, 2017

Significant accounting policies

Company overview

Infosys Consulting GmbH is a wholly-owned subsidiary of Infosys Consulting 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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant andequipment.

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 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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time-value of money and the risks specific to the liability.

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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, 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 [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition, or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.13 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date 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

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income and exchange gain / loss on forward and options contracts and on translation of other assets and liabilities.

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.

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 to the standalone financial statements for the year ended December 31, 2016

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Consulting GmbH for the year ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under IGAAP and Ind- AS

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 :

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of January 1, 2016	2,42,396	2,65,939	4,83,86,633	97,61,675	6,54,202	5,93,10,845
Additions	–	–	37,76,937	18,70,585	–	56,47,522
Deletion	(2,45,119)	–	–	–	(4,87,590)	(7,32,709)
Translation difference	2,723	(1,660)	(4,44,301)	(1,04,398)	(4,082)	(5,51,718)
Gross carrying value as of December 31, 2016	–	2,64,279	5,17,19,269	1,15,27,862	1,62,530	6,36,73,940
Accumulated depreciation as of January 1, 2016	(68,701)	(2,65,939)	(3,84,55,088)	(76,96,602)	(2,26,281)	(4,67,12,611)
Depreciation	(40,214)	–	(77,88,381)	(11,31,643)	(1,15,257)	(90,75,495)
Accumulated depreciation on deletions	1,08,658	–	–	–	2,46,421	3,55,079
Translation difference	257	1,660	5,31,145	90,416	6,327	6,29,805
Accumulated depreciation as of December 31, 2016	–	(2,64,279)	(4,57,12,324)	(87,37,829)	(88,790)	(5,48,03,222)
Carrying value as of December 31, 2016	–	–	60,06,945	27,90,033	73,740	88,70,718
Carrying value as of January 1, 2016	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 property, plant and equipment for the year ended December 31, 2015

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of 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	–	–	13,57,071	–	–	13,57,071
Deletion	–	(36,461)	(81,86,720)	(29,178)	–	- 82,52,359
Translation difference	(15,060)	(18,056)	(32,03,467)	(6,07,693)	(40,644)	(38,84,920)
Gross carrying value as of December 31, 2015	2,42,396	2,65,939	4,83,86,633	97,61,675	6,54,202	5,93,10,845
Accumulated depreciation as of January 1, 2015	(21,584)	(3,20,456)	(4,06,66,403)	(65,01,991)	(1,01,656)	(4,76,12,090)
Depreciation	(47,690)	–	(80,41,026)	(15,76,091)	(1,28,710)	(97,93,517)
Accumulated depreciation on deletions	–	36,462	81,41,869	25,662	–	82,03,993
Translation difference	573	18,055	21,10,472	3,55,818	4,085	24,89,003
Accumulated depreciation as of December 31, 2015	(68,701)	(2,65,939)	(3,84,55,088)	(76,96,602)	(2,26,281)	(4,67,12,611)
Carrying value as of December 31, 2015	1,73,695	–	99,31,545	20,65,073	4,27,921	1,25,98,234
Carrying value as of January 1, 2015	2,35,872	–	1,77,53,346	38,96,555	5,93,190	2,24,78,963

2.3 Loans

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
NON-CURRENT			
Unsecured, considered good			
Other loans			
Loans to employees	15,18,43,056	12,33,29,668	13,42,49,267
	15,18,43,056	12,33,29,668	13,42,49,267
CURRENT			
Unsecured, considered good			
Loans to employees	–	23,59,387	919
	–	23,59,387	919
Total loans	15,18,43,056	12,56,89,055	13,42,50,186

2.4 Other financial assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Security deposits [1]	15,04,667	–	1,53,180
Rental deposits [1]	1,29,22,379	1,48,18,536	94,91,725
Unbilled revenues [1]	27,33,80,391	30,69,20,278	31,33,97,339
Others [1][2]	79,10,927	1,14,83,561	1,66,77,011
Total	29,57,18,364	33,32,22,375	33,97,19,255
[1] Financial assets carried at amortized cost	29,57,18,364	33,32,22,375	33,97,19,255
[2] Includes dues from fellow subsidiaries *(Refer to Note 2.20)*	79,10,927	1,14,83,561	1,66,77,011

2.5 Trade receivables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
CURRENT			
Unsecured			
Considered good[1]	1,00,11,74,702	95,49,86,885	1,42,56,59,100
Considered doubtful	47,12,617	2,59,59,934	2,01,66,214
	1,00,58,87,319	98,09,46,819	1,44,58,25,314
Less : Allowances for credit losses	47,12,617	2,59,59,934	2,01,66,214
	1,00,11,74,702	95,49,86,885	1,42,56,59,100
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.20)*	20,23,03,799	27,07,11,576	50,19,35,246

2.6 Cash and cash equivalents

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current accounts	47,12,02,471	39,31,37,900	51,05,31,899
Cash-on-hand	1,23,890	25,699	81,784
	47,13,26,361	39,31,63,599	51,06,13,683

2.7 Other assets

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Prepaid expenses	10,78,319	1,66,183	32,34,098
Withholding taxes and others	5,84,88,371	4,86,16,038	48,71,02,339
	5,95,66,690	4,87,82,221	49,03,36,437
Total other assets	5,95,66,690	4,87,82,221	49,03,36,437

2.8 Financial instruments

The carrying value of financial instruments were as follows :

in ₹

Particulars	As of		
	December 31		January 1
	2016	2015	2015
ASSETS			
Cash and cash equivalents *(Refer to Note 2.6)*	47,13,26,361	39,31,63,599	51,06,13,683
Trade receivables *(Refer to Note 2.5)*	1,00,11,74,702	95,49,86,885	1,42,56,59,100
Loans *(Refer to Note 2.3)*	15,18,43,056	12,56,89,055	13,42,50,186
Other financial assets *(Refer to Note 2.4)*	29,57,18,364	33,32,22,375	33,97,19,255
Total	1,92,00,62,483	1,80,70,61,914	2,41,02,42,224
LIABILITIES			
Borrowings *(Refer to Note 2.9)*	49,26,75,655	14,43,02,976	–
Trade payables *(Refer to Note 2.11)*	31,04,89,286	25,79,63,757	42,73,60,388
Other financial liabilities *(Refer to Note 2.10)*	82,48,31,228	85,68,19,300	1,13,75,16,951
Total	1,62,79,96,169	1,25,90,86,033	1,56,48,77,339

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹1,00,11,74,702 and ₹95,49,86,885 as of December 31, 2016 and December 31, 2015, respectively and unbilled revenue amounting to ₹27,33,80,391 and ₹30,69,20,278 as of December 31, 2016 and December 31, 2015, respectively. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the year ended December 31, 2016 was ₹1,92,49,078.

The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2015 was ₹70,35,738.

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Balance at the beginning	2,59,59,934	2,01,66,214
Impairment loss recognized / reversed	–	–
Amounts written off	(1,92,49,078)	70,35,738
Translation differences	(6,52,953)	(12,42,018)
Balance at the end	60,57,903	2,59,59,934

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has outstanding loan from parent Company to meet working capital requirements.

As of December 31, 2016, the Company had a working capital of ₹20,32,95,316 including cash and cash equivalents of ₹47,13,26,361. As of December 31, 2015, the Company had a working capital of ₹21,83,81,649 including cash and cash equivalents of ₹39,31,63,599.

2.9 Borrowings

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
NON-CURRENT			
Unsecured loan from parent *(Refer to Note 2.20)*	49,26,75,655	14,43,02,976	–
Total borrowings	49,26,75,655	14,43,02,976	–

2.10 Other financial liablities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
CURRENT			
Others			
Accrued compensation to employees	16,85,20,700	16,37,02,002	17,06,23,899
Accrued expenses [(1)]	61,72,59,035	62,27,29,712	46,50,21,684
Client deposits	2,14,98,000	92,25,750	5,36,130
Compensated absences	10,93,16,972	13,14,72,899	12,00,74,662
Other payables [(2)]	1,75,53,493	6,11,61,836	50,13,35,238
	93,41,48,200	98,82,92,199	1,25,75,91,613
Total financial liabilities	93,41,48,200	98,82,92,199	1,25,75,91,613
Financial liability carried at amortized cost	82,48,31,228	85,68,19,300	1,13,75,16,951
[(1)] Includes dues to fellow subsidiaries and ultimate holding company *(Refer to Note 2.20)*	25,01,323	–	–
[(2)] Includes dues to fellow subsidiaries and ultimate holding company *(Refer to Note 2.20)*	1,57,17,168	6,00,37,150	48,51,26,832

2.11 Trade payables

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [(1)]	31,04,89,286	25,79,63,757	42,73,60,388
	31,04,89,286	25,79,63,757	42,73,60,388
[(1)] Includes dues to fellow subsidiaries *(Refer to Note 2.20)*	14,25,79,362	20,78,41,558	37,05,47,774

2.12 Other liabilities

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	5,43,00,590	5,21,94,719	16,14,24,518
Others			
Withholding taxes and others	22,06,50,897	19,21,39,138	60,23,30,444
	27,49,51,487	24,43,33,857	76,37,54,962
	27,49,51,487	24,43,33,857	76,37,54,962

2.13 Provisions

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Post-sales client support and warranties and others	82,25,899	2,35,43,005	2,41,93,535
	82,25,899	2,35,43,005	2,41,93,535

2.14 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
1,720 (1,720) Equity shares of EUR 50 par value	65,36,435	65,36,435	65,36,435
[Of the above, 1,720 equity shared are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*]			
Issued, subscribed and paid-up			
1,720 (1,720) Equity shares of EUR 50 par value	65,36,435	65,36,435	65,36,435
[Of the above, 1,720 equity shared are held by the holding company, Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*]			
	65,36,435	65,36,435	65,36,435

The details of shareholder holding more than 5% shares are set out as follows:

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*	1,720	100	1,720	100

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Current taxes	2,20,27,824	1,47,53,622
Income tax expense	2,20,27,824	1,47,53,622

Current tax expense for the year ended December 31, 2016 includes provisions amounting to ₹ 48,92,022 pertaining to previous periods.

Current tax expense for the year ended December 31, 2015 includes reversals amounting to ₹ 95,22,258 pertaining to previous periods.

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

in ₹

Particulars	For the year ended December 31,	
	2016	2015
(Loss) before income taxes	(42,57,65,851)	(3,69,23,670)
Enacted tax rates in Germany	27.38%	27.38%
Computed expected tax expense	(11,65,74,690)	(1,01,09,701)
Effect of unrecognized deferred tax asset	11,65,74,690	1,01,09,701
Overseas taxes	1,71,35,802	2,42,75,880
Tax provisions / (reversals)	48,92,022	(95,22,258)
Income tax expense	2,20,27,824	1,47,53,622

The applicable Germany statutory tax rate for fiscal 2017 and 2016 is 27.38%.

The following table provides the details of income tax assets and income tax.

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Income tax assets	–	8,87,75,591	3,56,69,416
Current income tax liabilities	9,66,75,929	–	12,36,96,792
Net current income tax assets / (liability) at the end	(9,66,75,929)	8,87,75,591	(8,80,27,376)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	8,87,75,591	(8,80,27,376)
Income tax paid	(16,34,23,696)	19,15,56,589
Current income tax expense	(2,20,27,824)	(1,47,53,622)
Net current income tax asset / (liability) at the end	(9,66,75,929)	8,87,75,591

2.16 Revenue from operations

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Income from consultancy services	550,70,75,867	571,30,81,095
	550,70,75,867	571,30,81,095

2.17 Other income

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Interest received on financial assets- carried at amortized cost		
Deposit with bank and others	2,37,798	11,307
Exchange gains / (losses) on translation of other assets and liabilities	(2,83,67,158)	(32,34,779)
Miscellaneous income, net	7,06,29,036	10,65,727
	4,24,99,676	(21,57,745)

2.18 Expenses

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Employee benefit expenses		
Salaries including bonus	2,81,47,70,460	2,62,97,95,311
Staff welfare	1,67,12,177	1,20,41,900

Particulars	For the year ended December 31,	
	2016	2015
	2,83,14,82,637	2,64,18,37,211
Cost of software packages and others		
For own use	21,443	8,57,833
	21,443	8,57,833

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Other expenses		
Power and fuel	9,92,782	9,30,468
Brand and marketing	1,27,72,803	1,72,83,142
Operating lease payments	3,96,40,787	2,63,44,549
Rates and taxes	8,94,806	55,44,725
Repairs and maintenance	67,91,473	44,41,315
Insurance	18,53,452	20,36,085
Provision for post-sales client-support and warranties	(1,59,32,458)	10,52,820
Allowances for credit losses on financial assets	(1,92,49,078)	70,35,738
Auditors' remuneration		
Statutory audit fees	52,17,151	–
Others	1,18,31,125	1,12,89,727
	4,48,12,843	7,59,58,569

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in ₹

Particulars	For the year ended December 31,	
	2016	2015
Lease rentals recognized during the period	3,96,40,787	2,63,44,549

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Future minimum lease payable	As at		
	December 31,		January 1,
	2016	2015	2015
Not later than 1 year	1,43,97,641	1,66,48,949	87,24,826
Later than 1 year and not later than 5 years	3,26,52,882	3,28,57,931	3,48,99,306
Later than 5 years	1,92,06,244	2,76,78,243	3,82,43,823

The operating lease arrangements, are renewable on a periodic basis and for most of the leases 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.

2.20 Related party transactions

List of related parties

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland	100%	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of 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 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 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.
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*(3)	Australia
Lodestone Augmentis AG (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (4)	Belgium
Lodestone Management Consultants Co. Ltd (3)	China
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* (3)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Management Consultants GmbH (3)	Austria
Infosys Consulting s.r.o. *(formerly Lodestone Management Consultants s.r.o.)*(3)	Czech Republic
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	U.K.
Infy Consulting B.V. (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

Name of 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)(19)	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 subsidiary 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.

(18) Liquidated effective October 5, 2016.

(19) Liquidated effective November 16, 2016.

(20) Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in ₹

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Lodestone Management Consultants Inc.	46,09,940	1,46,81,882	1,60,91,932
Infosys Consulting S.R.L.	4,27,915	–	–
Infosys Management Consulting Pty Limited	32,82,473	–	–
Lodestone Management Consultants (Belgium) S.A.	2,84,797	–	–
Infosys Consulting Ltda.	2,73,17,423	–	–
Infosys Consulting AG	2,96,68,613	4,27,16,100	12,18,55,875
Infosys Consulting s.r.o.	29,752	–	–
Infosys Consulting Sp. z.o.o.	22,32,974	–	–
Infosys Consulting Pte Ltd.	14,00,640	–	10,63,399
Infosys Consulting SAS	8,08,229	4,43,72,924	3,52,67,119
Lodestone Management Consultants GmbH	–	33,81,957	–
Lodestone Management Consultants China Co., Ltd.	30,49,416	–	1,99,134
Infy Consulting Company Limited	12,26,55,802	16,29,74,985	30,82,28,750
Infy Consulting B.V.	65,35,825	25,83,728	1,92,29,037
	20,23,03,799	27,07,11,576	50,19,35,246
Borrowings			
Infosys Consulting Holding AG (1)	49,26,75,655	14,43,02,976	–
	49,26,75,655	14,43,02,976	–

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables			
Infosys Consulting AG	8,50,95,232	7,76,82,499	8,10,03,706
Infosys Management Consulting Pty Limited	10,30,050	–	–
Lodestone Management Consultants (Belgium) S.A.	5,87,287	63,30,195	88,69,209
Infosys Consulting s.r.o.	25,72,878	2,52,72,188	56,56,694
Infosys Consulting GmbH	–	–	1,55,00,248
Infy Consulting Company Limited	97,29,058	1,88,43,806	13,08,58,368
Infy Consulting B.V.	–	54,95,219	2,34,81,377
Infosys Consulting SAS	–	–	76,50,303
Infosys Consulting Sp. z.o.o.	2,12,02,254	4,55,02,748	2,95,52,248
Lodestone Management Consultants Portugal, Unipessoal, Lda	74,52,424	64,67,654	1,30,79,771
SC Infosys Consulting S.R.L.	1,39,96,471	1,73,05,059	3,99,72,241
Infosys Consulting Ltda.	9,03,777	1,63,562	47,08,595
Lodestone Management Consultants China Co., Ltd.	9,931	47,78,628	1,02,15,014
	14,25,79,362	20,78,41,558	37,05,47,774
Other financial liabilities			
Infosys Limited	30,62,878	75,05,776	79,72,090
Lodestone Management Consultants GmbH	10,55,202	–	–
Infosys Consulting Holding AG	70,77,958	–	–
Infosys Consulting AG	–	2,41,91,399	2,12,35,752
Lodestone Management Consultants China Co., Ltd.	–	29,34,758	–
Infosys Consulting Sp. Z.o.o.	45,21,130	2,01,52,738	–
SC Infosys Consulting S.R.L.	–	144	–
Infy Consulting Company Limited	–	–	44,84,58,151
Lodestone Management Consultants Inc.	–	52,52,335	29,47,971
Infy Consulting Company Ltd.	–	–	45,12,868
	1,57,17,168	6,00,37,150	48,51,26,832
Other financial assets			
Infosys Consulting SAS	–	10,13,031	9,71,805
Lodestone Management Consultants GmbH	79,10,927	–	–
Infosys Consulting Ltda.	–	35,99,666	–
Infosys Consulting s.r.o.	–	17,93,687	–
Infy Consulting Company Ltd.	–	18,53,029	–
Infosys Consulting Sp. Z.o.o.	–	32,24,148	–
Lodestone Management Consultants China Co., Ltd.	–	–	1,57,05,206
	79,10,927	1,14,83,561	1,66,77,011
Accrued expenses			
Infosys Ltd.	21,98,120	–	–
Infy Consulting Company Ltd.	3,03,203	–	–
	25,01,323	–	–

(1) The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 1% per annum each, and is repayable at the discretion of the lender.

The details of the related parties transactions entered into by the Company are as follows:

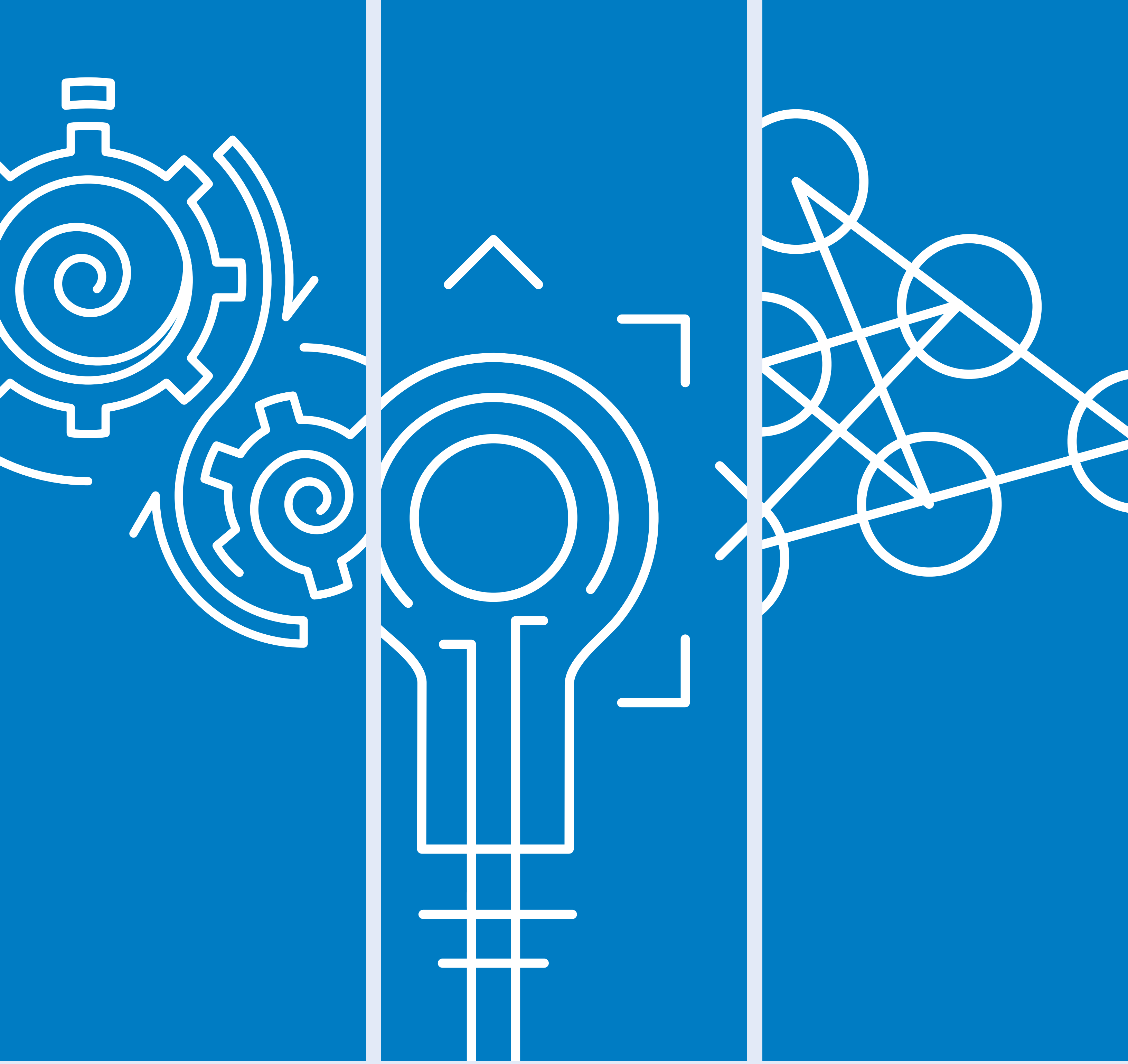
in ₹

Particulars	For the year ended December 31,	
	2016	2015
Capital transactions		
Financing transactions		
Loans (net of repayment)[1]		
Infosys Consulting Holding AG	34,83,72,679	14,43,02,976
	34,83,72,679	14,43,02,976
Revenue transactions		
Purchase of services		
Lodestone Management Consultants GmbH	1,04,978	4,76,53,556

Particulars	For the year ended December 31,	
	2016	2015
Infosys Management Consulting Pty Limited	22,27,656	–
Lodestone Management Consultants (Belgium) S.A.	6,26,22,781	4,64,97,830
Infosys Consulting AG	43,31,81,804	24,07,57,552
Infosys Consulting s.r.o.	5,23,31,450	11,06,36,019
Infy Consulting Company Limited	14,12,73,866	8,84,66,159
Infosys Consulting B.V.	1,19,16,910	2,48,48,053
Infosys Consulting Sp. z.o.o.	30,40,23,708	26,46,75,561
Lodestone Management Consultants Portugal, Unipessoal, Lda.	5,30,01,004	3,98,74,282
SC Infosys Consulting S.R.L.	17,99,52,307	12,30,22,011
Lodestone Management Consultants Inc.	–	1,04,96,725
Lodestone Management Consultants China Co., Ltd.	1,35,67,484	8,65,94,462
Infosys Consulting Ltda.	8,75,769	1,88,926
Infosys Consulting SAS	11,440	97,80,466
	1,25,50,91,157	1,09,34,91,602
Interest expense		
Infosys Consulting Holding AG	12,22,144	83,758
	12,22,144	83,758
Sale of services		
Lodestone Management Consultants (Belgium) S.A.	2,82,691	35,44,620
Infosys Consulting S.R.L.	4,24,750	–
Infosys Management Consulting Pty Limited	32,58,196	–
Infosys Consulting AG	36,90,58,913	68,16,43,337
Lodestone Management Consultants China Co., Ltd.	30,26,862	–
Infosys Consulting s.r.o.	29,532	–
Infosys Consulting Sp. z.o.o.	97,53,778	–
Infosys Consulting SAS	8,02,251	1,08,63,644
Infy Consulting Company Limited	93,07,25,076	64,26,58,299
Lodestone Management Consultants Inc.	3,97,30,348	10,15,67,088
Infosys Consulting Pte Ltd.	13,90,281	1,83,39,354
Infosys Consulting B.V.	1,04,69,861	1,72,17,919
Infosys Consulting Ltda.	2,71,15,382	34,26,505
	1,39,60,67,921	1,47,92,60,766

2.21 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach' as defined in Ind AS 108 - 'Segment-reporting', the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - 'Segment-reporting'.



Infosys Tecnologia do Brasil Ltda.

Independent Auditors' Report

To the Members of Infosys Tecnologia do Brasil Ltda.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Tecnologia do Brasil Ltda. ('the Company'), which comprises the Balance Sheet as at 31 December, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 December, 2016, and its financial performance including other comprehensive income, and its cash flows and the changes in equity 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 :

i) 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;

ii) 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;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account and

iv) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Place : Bengaluru
Date : January 10, 2017

Balance Sheet

in BRL

Particulars	Note	As at		
		December 31,		January 1,
		2016	2015	2015
ASSETS				
Non-current assets				
Property, plant, and equipment	2.2	4,050,870	4,286,857	3,304,282
Capital work-in-progress		–	10,973	34,424
Financial assets				
Other financial assets	2.4	163,500	156,000	144,000
Deferred tax assets, net	2.15	1,378,894	1,132,485	5,083,853
Income tax assets, net	2.15	14,926,208	7,914,908	9,508,015
Other non-current assets	2.7	4,699	4,699	13,844
Total non-current assets		20,524,171	13,505,922	18,088,418
Current assets				
Financial assets				
Trade receivables	2.5	20,354,010	20,305,401	17,821,432
Cash and cash equivalents	2.6	28,278,039	17,209,959	15,399,382
Loans	2.3	334,149	318,794	228,473
Other financial assets	2.4	8,452,281	9,151,378	6,814,826
Other current assets	2.7	9,721,527	5,398,492	1,898,167
Total current assets		67,140,006	52,384,024	42,162,280
Total assets		87,664,177	65,889,946	60,250,698
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.9	59,124,349	59,124,349	40,000,000
Other equity		(8,804,180)	(13,977,619)	(13,536,574)
Total equity		50,320,169	45,146,730	26,463,426
Current liabilities				
Financial liabilities				
Borrowings	2.10	–	–	13,162,162
Trade payables	2.12	2,810,160	1,153,985	1,174,173
Other financial liabilities	2.11	9,402,171	7,791,850	7,045,437
Other current liabilities	2.13	18,231,725	11,539,619	10,237,212
Provisions	2.14	370,890	257,762	318,944
Income tax liabilities, net	2.15	6,529,062	–	1,849,344
Total current liabilities		37,344,008	20,743,216	33,787,272
Total equity and liabilities		87,664,177	65,889,946	60,250,698

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
Bengaluru
Date : January 10, 2017

for and on behalf of the Board of Directors of
Infosys Tecnologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Statement of Profit and Loss

in BRL, except per equity share data

Particulars	Note	Year ended December 31	
		2016	2015
Revenue from operations	2.16	105,648,581	91,571,684
Other income, net	2.17	2,429,771	1,037,907
Total income		108,078,352	92,609,591
Expenses			
Employee benefit expenses	2.18	64,954,617	57,501,659
Cost of technical sub-contractors		12,540,004	10,242,509
Travel expenses		1,409,713	2,209,327
Communication expenses		3,646,199	1,827,268
Consultancy and professional charges		3,094,164	2,001,877
Finance ost		–	177,025
Depreciation	2.2	1,897,419	1,820,494
Other expenses	2.18	5,436,404	4,910,592
Total expenses		92,978,520	80,690,751
Profit before tax		15,099,832	11,918,840
Tax expense			
Current tax	2.15	10,172,801	8,408,518
Deferred tax	2.15	(246,408)	3,951,367
Profit / (loss) for the year		5,173,439	(441,045)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss		–	–
Exchange differences on translation of foreign operations		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the year		5,173,439	(441,045)
Earnings / (loss) per equity share			
Equity shares of par value BRL 1/- each			
Basic and diluted (BRL)		0.09	(0.01)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		59,124,349	54,343,262

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
Bengaluru
Date : January 10, 2017

for and on behalf of the Board of Directors of
Infosys Tecnologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Statement of Changes in Equity

in BRL

Particulars	Equity share capital	Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2015	40,000,000	(13,536,574)	26,463,426
Changes in equity for the year ended December 31, 2015			
Increase in share capital *(Refer to Note 2.9)*	19,124,349	–	19,124,349
Loss for the year	–	(441,045)	(441,045)
Balance as of December 31, 2015	59,124,349	(13,977,619)	45,146,730

in BRL

Particulars	Equity share capital	Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2016	59,124,349	(13,977,619)	45,146,730
Changes in equity for the year ended December 31, 2016			
Profit for the year	–	5,173,439	5,173,439
Balance as of December 31, 2016	59,124,349	(8,804,180)	50,320,169

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
Bengaluru
Date : January 10, 2017

for and on behalf of the Board of Directors of
Infosys Tecnologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Statement of Cash Flow

in BRL

Particulars	Year ended December 31,	
	2016	2015
Cash flow from operating activities		
Profit / (loss) for the period	5,173,439	(441,045)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	1,897,419	1,820,494
Income tax expense	9,926,393	12,359,885
Allowance for credit losses on financial assets	(731,124)	656,666
Interest expense	–	177,025
Interest income	(2,261,488)	(524,958)
Other adjustments	102,469	(122,480)
Profit on sale of asset	(206,522)	–
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,152,574	(3,499,305)
Loans and other financial assets and other assets	(2,641,975)	(4,986,286)
Trade payables	1,613,290	(20,188)
Other financial liabilities, other liabilities and provisions	8,355,971	2,159,914
Cash generated from operations	22,380,446	7,579,722
Income taxes paid	(10,655,040)	(8,664,754)
Net cash generated by operating activities	11,725,406	(1,085,032)
Cash flow from investing activities		
Expenditure on property, plant, and equipment net of sale proceeds	(1,443,937)	(2,820,269)
Loans to employees	(15,355)	(90,321)
Interest and dividend received on investments	801,966	21,037
Net cash used in investing activities	(657,326)	(2,889,553)
Cash flow from financing activities		
Capital contribution by parent	–	19,124,349
Loan repaid to parent	–	(13,162,162)
Interest expense	–	(177,025)
Net cash used in financing activities	–	5,785,162
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	11,068,080	1,810,577
Cash and cash equivalents at the beginning of the period	17,209,959	15,399,382
Cash and cash equivalents at the end of the period	28,278,039	17,209,959

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 Tecnologia do Brasil Ltda.

M. Rathnakar Kamath
Partner

Claudio Elsas
Legal Representative

Membership number : 202841
Bengaluru
Date : January 10, 2017

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.

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 Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statement are Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Presentation currency

The Company's presentation currency is the Brazilian Real.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the application of accounting policies and 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.

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.

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, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment and intangible assets.

1.5 Revenue recognition

The Company derives revenues primarily from software development and related services. Arrangements with customers for software 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 or incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount or 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 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.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive 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 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.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty 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 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 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 recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant, and equipment are ready for use, as intended by the Management. The Company depreciates property, 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 [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

[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 the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Non-financial assets

Intangible assets and property, plant, and equipment

Intangible assets and property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.13 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or 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

Functional currency

The functional currency of the Company is the Brazilian Real. These financial statements are presented in Brazilian Real.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit 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 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. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are 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 income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past 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 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain / loss on forward and options contracts and on translation of other assets and liabilities. Dividend income is recognized when the right to receive payment is established.

1.18 Earnings per equity 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.

1.19 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.

1.20 Borrowing cost

Borrwing cost are charged to the Statement of Profit and Loss in the period of during which they occured.

2 Notes to the standalone financial statements for the year ended December 31, 2016.

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys Tecnologia do Brasil Ltda. for the year ended December 31, 2016, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with January 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies *(Refer to Note 1)* have been applied in preparing the standalone financial statements for the year ended December 31, 2016 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. Accordingly, Reconciliation Statements in accordance with Ind AS 101, have not been presented. There was no significant reconciliation for Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant, and equipment

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2016:

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	1,482,855	386,767	6,099,870	5,652,277	13,621,769
Additions	13,410	–	1,318,815	339,858	1,672,083
Deletions	–	–	(512,841)	–	(512,841)
Gross carrying value as of December 31, 2016	1,496,265	386,767	6,905,844	5,992,135	14,781,011
Accumulated depreciation as of January 1, 2016	(1,055,041)	(149,005)	(4,453,132)	(3,677,734)	(9,334,912)
Depreciation	(156,955)	(75,345)	(930,267)	(734,852)	(1,897,419)
Accumulated depreciation on deletions	–	–	502,190	–	502,190
Accumulated depreciation as of December 31, 2016	(1,211,996)	(224,350)	(4,881,209)	(4,412,586)	(10,730,141)
Carrying value as of December 31, 2016	284,269	162,417	2,024,635	1,579,549	4,050,870

Following are the changes in the carrying value of property, plant, and equipment for the year ended December 31, 2015:

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2015	1,234,691	235,429	5,035,999	4,362,846	10,868,965
Additions	253,564	151,338	1,063,871	1,356,978	2,825,751
Deletions	(5,400)	–	–	(67,547)	(72,947)
Gross carrying value as of December 31, 2015	1,482,855	386,767	6,099,870	5,652,277	13,621,769
Accumulated depreciation as of January 1, 2015	(855,286)	(80,357)	(3,626,974)	(3,002,066)	(7,564,683)
Depreciation	(204,482)	(68,648)	(826,158)	(721,206)	(1,820,494)
Accumulated depreciation on deletions	4,727	–	–	45,538	50,265
Accumulated depreciation as of December 31, 2015	(1,055,041)	(149,005)	(4,453,132)	(3,677,734)	(9,334,912)
Carrying value as of December 31, 2015	427,814	237,762	1,646,738	1,974,543	4,286,857

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

2.3 Loans

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured, considered good			
Other loans			
Loans to employees	334,149	318,794	228,473
Total Loans	334,149	318,794	228,473

2.4 Other financial assets

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Security deposits	84,000	84,000	84,000
Rental deposits	79,500	72,000	60,000
	163,500	156,000	144,000
Current			
Unbilled revenues [1]	6,046,865	6,516,924	6,158,254
Interest accrued but not due	1,963,443	503,921	–
Others [2]	441,973	2,130,533	656,572
	8,452,281	9,151,378	6,814,826
Total	8,615,781	9,307,378	6,958,826
Financial assets carried at amortized cost	8,615,781	9,307,378	6,958,826
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	1,669,171	81,786	–
[2] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	416,056	2,025,861	571,664

Restricted deposits represent deposit with financial institutions to settle employee related obligations as and when they arise during the normal course of business.

2.5 Trade receivables

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured			
Considered good[1]	20,354,010	20,305,401	17,821,432
Considered doubtful	710,963	1,564,390	617,464
	21,064,973	21,869,791	18,438,896
Less: Allowances for credit losses	710,963	1,564,390	617,464
	20,354,010	20,305,401	17,821,432
[1] Includes dues from holding company *(Refer to Note 2.21)*	646,261	979,210	1,388,022

2.6 Cash and cash equivalents

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Balances with banks			
In current and deposit accounts	28,278,039	17,209,959	15,399,382
	28,278,039	17,209,959	15,399,382
Deposit with more than 12 months maturity	23,399,000	10,000,000	–

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

in BRL

Particulars	As at December 31, 2016	As at December 31, 2015
In current accounts		
Citi Bank SA	4,879,039	7,209,959
	4,879,039	7,209,959
In deposit accounts		
Citi Bank SA	23,399,000	10,000,000
	23,399,000	10,000,000
Total cash and cash equivalents as per Balance Sheet	28,278,039	17,209,959

2.7 Other assets

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Non-current			
Capital advances	4,699	4,699	13,844
	4,699	4,699	13,844
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	–	–	32,241
Others			
Prepaid expenses [1]	490,970	61,999	263,537
Withholding taxes and others	9,230,557	5,336,493	1,602,389
	9,721,527	5,398,492	1,898,167
Total other assets	9,726,226	5,403,191	1,912,011
[1] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	396,313	–	228,727

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in BRL

Particulars	Amortized cost as on		
	December 31,		January 1,
	2016	2015	2015
Assets:			
Cash and cash equivalents *(Refer to Note 2.6)*	28,278,039	17,209,959	15,399,382
Trade receivables *(Refer to Note 2.5)*	20,354,010	20,305,401	17,821,432
Loans *(Refer to Note 2.3)*	334,149	318,794	228,473
Other financial assets *(Refer to Note 2.4)*	8,615,781	9,307,378	6,958,826
Total	57,581,979	47,141,532	40,408,113
Liabilities			
Borrowings *(Refer to Note 2.10)*	–	–	13,162,162
Trade payables *(Refer to Note 2.12)*	2,810,160	1,153,985	1,174,173
Other financial liabilities *(Refer to Note 2.11)*	5,673,267	4,576,311	4,421,777
Total	8,483,427	5,730,296	18,758,112

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The exchange rate between the BRL and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of December 31, 2016 :

in BRL

Particulars	US $	€	Other currency	Total
Trade receivables	4,878,106	114,282	83,540	5,075,928
Other financials assets (including loans)	460,093	–	1,075	461,168
Trade payables	(1,309,213)	–	–	(1,309,213)
Other financial liabilities	(524,865)	(11,349)	(190,061)	(726,275)
Net assets / (liabilities)	3,504,121	102,933	(105,446)	3,501,608

The following table analyzes foreign currency risk from financial instruments as of December 31, 2015 :

in BRL

Particulars	US $	€	Other currency	Total
Trade receivables	4,210,349	25,618	–	4,235,967
Other financials assets (including loans)	237,571	1,889,019	–	2,126,590
Trade payables	(295,688)	–	–	(295,688)
Other financial liabilities	–	(22,447)	(33,853)	(56,300)
Net assets / (liabilities)	4,152,232	1,892,190	(33,853)	6,010,569

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to BRL 20,354,010 and BRL 20,305,401 as of December 31, 2016 and December 31, 2015, respectively, and unbilled revenue amounting to

BRL 6,046,865 and BRL 6,516,924 as of December 31, 2016 and December 31, 2015, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience with customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers :

in %

Particulars	Year ended December 31,	
	2016	2015
Revenue from top customer	30.8%	28.4%
Revenue from top five customers	73.6%	61.7%

Credit risk exposure

The reversal for the life time expected credit loss on customer balances for the year ended December 31, 2016 was

BRL 735,629. The allowance for lifetime expected credit loss on customer balances for the year ended December 31, 2015 was BRL 656,666.

in BRL

Particulars	Year ended December 31,	
	2016	2015
Balance at the beginning	1,564,390	617,464
Impairment loss (reversed) / recognized	(731,124)	458,982
Amounts written off	–	197,684
Translation differences	(122,303)	290,260
Balance at the end	710,963	1,564,390

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings.

As of December 31, 2016, the Company had a working capital of BRL 29,795,998 including cash and cash equivalents of BRL 27,937691. As of December 31, 2015, the Company had a working capital of BRL 31,640,808 including cash and cash equivalents of BRL 17,209,959.

2.9 Equity

Equity share capital

in BRL, except as otherwise stated

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Authorized			
Equity shares, BRL 1 par value			
60,000,000 (60,000,000 [1]) equity shares	60,000,000	60,000,000	40,000,000
Issued, subscribed and paid-up			
Equity shares, BRL 1 par value	59,124,349	59,124,349	40,000,000
59,124,349 (59,124,349 [1]) equity shares fully paid-up			
	59,124,349	59,124,349	40,000,000

[1] Represents number of shares as of December 31, 2015.

The details of shareholder holding more than 5% shares are as follows:

in numbers, except as stated otherwise

Name of the shareholder	As at December 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Limited	5,91,24,348	100.00	5,91,24,348	100.00

The reconciliation of the number of shares outstanding and the amount of share capital is as follows:

in BRL, except as stated otherwise

Particulars	As at December 31,			
	2016		2015	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	59,124,349	59,124,349	40,000,000	40,000,000
Add: Shares issued	–	–	19,124,349	19,124,349
Number of shares at the end of the period	59,124,349	59,124,349	59,124,349	59,124,349

2.10 Borrowings

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unsecured Loan from holding company	–	–	13,162,162
	–	–	13,162,162
Total borrowings	–	–	13,162,162

2.11 Other financial liabilities

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Accrued compensation to employees [1]	2,929,212	2,810,979	3,250,768
Accrued expenses [2] [3]	1,644,989	1,456,512	873,710
Capital creditors	–	–	49,796
Compensated absences	3,728,904	3,215,539	2,623,660
Other payables [4]	1,099,066	308,820	247,503
Total financial liabilities	9,402,171	7,791,850	7,045,437
[1] Financial liability carried at amortized cost	5,673,267	4,576,311	4,421,777
[2] Financial liability carried at fair value through profit or loss	–	–	–
[3] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	263,541	–	
[4] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	1,090,163	286,488	241,423

2.12 Trade payables

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade payables [1]	2,810,160	1,153,985	1,174,173
	2,810,160	1,153,985	1,174,173
[1] Includes dues to holding and fellow subsidiaries *(Refer to Note 2.21)*	2,223,478	791,730	1,166,352

2.13 Other liabilities

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Unearned revenue	1,096,083	1,447,606	1,308,022
Others			
Withholding taxes and others	17,135,642	10,092,013	8,929,190
	18,231,725	11,539,619	10,237,212

2.14 Provisions

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Current			
Others			
Post-sales client support and warranties and others	370,890	257,762	318,944
	370,890	257,762	318,944

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in BRL

Particulars	Year ended December 31,	
	2016	2015
Current taxes	10,172,801	8,408,518
Deferred taxes	(246,408)	3,951,367
Income tax expense	9,926,393	12,359,885

Entire deferred income tax for the year ended December 31, 2016 and December 31, 2015 relates to origination and reversal of temporary differences.

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

in BRL

Particulars	Year ended December 31,	
	2016	2015
Profit before income taxes	15,099,832	11,918,840
Enacted tax rates in Brazil	33.84%	33.80%
Computed expected tax expense	5,109,943	4,028,406
Effect of unrecognized deferred tax assets on loss	(3,008,794)	4,464,741
Tax provision overseas and domestic	3,751,235	8,408,518
Others	4,074,009	(4,541,780)
Income tax expense	9,926,393	12,359,885

The applicable Brazilian statutory tax rate for fiscal 2016 is 33.84% and fiscal 2015 is 33.80%.

The following table provides the details of income tax assets and income tax liabilities :

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2016	2015
Income tax assets	14,926,208	7,914,908	9,508,015
Current income tax liabilities	6,529,062	–	1,849,344
Net current income tax assets / (liability) at the end	8,397,146	7,914,908	7,658,671

The gross movement in the current income tax asset / (liability) for the year ended is as follows :

in BRL

Particulars	Year ended December 31,	
	2016	2015
Net current income tax asset / (liability) at the beginning	7,914,908	7,658,671
Income tax paid	10,655,039	8,664,755
Current income tax expense	(10,172,801)	(8,408,518)
Net current income tax asset / (liability) at the end	8,397,146	7,914,908

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows :

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Deferred income tax assets			
Property, plant, and equipment	1,378,894	1,132,485	–
Others	–	–	5,083,853
Total deferred income tax assets	1,378,894	1,132,485	5,083,853
Deferred income tax liabilities			
Total deferred income tax liabilities	–	–	–
Deferred income tax assets after set off	1,378,894	1,132,485	5,083,853

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.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income 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 income 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 income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account is as follows :

in BRL

Particulars	Year ended December 31,	
	2016	2015
Net deferred income tax asset at the beginning	1,132,485	5,083,853
Credits / (charge) relating to temporary differences	246,409	(3,951,368)
Net deferred income tax asset at the end	1,378,894	1,132,485

The credits relating to temporary differences during the year ended December 31, 2016 are primarily on account of trade receivable, post-sales client support, and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and accrued compensation to employees. The charge relating to temporary differences during the year ended December 31, 2015 are primarily on account of property plant and equipment, trade receivables, accrued compensation to employees partially offset by compensated absences.

2.16 Revenue from operations

in BRL

Particulars	Year ended December 31, 2016	2015
Income from software services	105,648,581	91,571,684
	105,648,581	91,571,684

2.17 Other income

in BRL

Particulars	Year ended December 31, 2016	2015
Interest received on financial assets		
Deposit with bank and others	2,261,488	524,958
Exchange gains / (losses) on translation of other assets and liabilities	(38,239)	(6,003,986)
Miscellaneous income, net	206,522	6,516,935
	2,429,771	1,037,907

2.18 Expenses

in BRL

Particulars	Year ended December 31, 2016	2015
Employee benefit expenses		
Salaries including bonus	64,563,978	57,172,558
Staff welfare	390,639	329,101
	64,954,617	57,501,659

in BRL

Particulars	Year ended December 31, 2016	2015
Other expenses		
Power and fuel	218,822	228,088
Brand and marketing	105,270	51,748
Operating lease payments	1,528,891	1,669,726
Rates and taxes	2,135,737	–
Repairs and maintenance	1,648,288	2,262,099
Consumables	127,122	–
Insurance	241,713	85,787
Provision / (reversal) for post-sales client support and warranties	59,584	(122,480)
Allowances / (reversal) for credit losses on financial assets	(731,124)	656,666
Others	102,101	78,958
	5,436,404	4,910,592

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in BRL

Particulars	Year ended December 31, 2016	2015
Lease rentals recognized during the period	1,528,891	1,669,726

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in BRL

Future minimum lease payable	As at December 31, 2016	December 31, 2015	January 1, 2015
Not later than 1 year	2,618,389	2,474,763	868,600
Later than 1 year and not later than 5 years	4,101,356	6,719,745	1,024,600
Later than 5 years	–	–	–

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

2.20 Commitments (to the extent not provided for)

in BRL

Particulars	As at December 31, 2016	December 31, 2015	January 1, 2015
Commitments			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for, net of advances and deposits	6,853	1,758,228	709,063

2.21 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at		
		December 31,		January 1,
		2016	2015	2015
Infosys Limited	India	100%	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. 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 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 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
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 (6)(18)	Switzerland
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (3)(20)	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.
Infy Consulting B.V. (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 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)(19)	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 subsidiary 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.
[18] Liquidated effective October 5, 2016.
[19] Liquidated effective November 16, 2016.
[20] Liquidated effective December 21, 2016.

The details of amounts due to or due from related parties are as follows:

in BRL

Particulars	As at		
	December 31,		January 1,
	2016	2015	2015
Trade receivables			
Infosys Limited	646,261	979,210	1,388,022
	646,261	979,210	1,388,022
Borrowings			
Infosys Limited	–	–	13,162,162
	–	–	13,162,162
Prepaid and other financial assets			
Infosys Limited	–	–	565,964
Panaya Limited	396,313	–	–
Infosys Poland Sp zoo	–	1,890,520	–
Infosys BPO Limited	14	–	5,700
Infosys Consulting Ltda.	416,042	127,361	228,727
Infosys Technologies S. de R. L. de C. V.	–	7,980	–
	812,369	2,025,861	800,391
Unbilled revenues			
Infosys Consulting Ltda.	1,669,171	81,786	–
	1,669,171	81,786	–
Trade payables			
Infosys Limited	1,269,952	303,668	1,166,352
Infosys Consulting Ltda.	914,025	488,062	–
Infosys Technologies S. de R. L. de C. V.	39,501	–	–
	2,223,478	791,730	1,166,352
Other financial liabilities			
Infosys BPO Limited	14	–	5,303
Panaya Limited	428,018	–	–
Infosys Consulting AG	263,541	–	–
Infosys Consulting Ltda.	572,976	286,488	235,879
Infosys Limited	89,155	–	241
	1,353,704	286,488	241,423

The details of the related parties transactions entered into by the Company are as follows:

in BRL

Particulars	Year ended December 31, 2016	2015
Capital transactions		
Financing transactions		
Equity		
Infosys Limited	–	19,124,349
	–	19,124,349
Loans, net of repayment		
Infosys Limited	–	(13,162,162)
	–	(13,162,162)
Revenue transactions		
Purchase of services		
Infosys Consulting Ltda.	4,386,870	2,647,194
Infosys Consulting AG	269,415	–
Infosys Technologies S. de R. L. de C. V.	49,556	317,098
Infosys Limited	5,148,814	3,655,634
Panaya Ltd.	81,704	–
	9,936,359	6,619,926
Interest expense		
Infosys Limited	–	177,025
	–	177,025
Sale of services		
Infosys Consulting Ltda.	1,587,385	81,786
Infosys Limited	3,924,803	5,091,015
	5,512,188	5,172,801
Purchase of shared services including facilities and personnel		
Infosys Limited	30,760	–
Infosys Consulting Ltda.	3,663,135	3,345,204
	3,693,895	3,345,204
Sale of shared services including facilities and personnel		
Infosys Consulting Ltda.	1,289,165	127,361
	1,289,165	127,361

2.22 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach' as defined in Ind AS 108 - Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - Segment Reporting.

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Notes

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Safe Harbor

This Annual Report contains 'forward-looking statements' that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the 'Outlook, risks and concerns' section in the Annual Report of Infosys Limited. In the light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.

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To read the report online:
https://www.infosys.com/ar-subsidiaries-2017/

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