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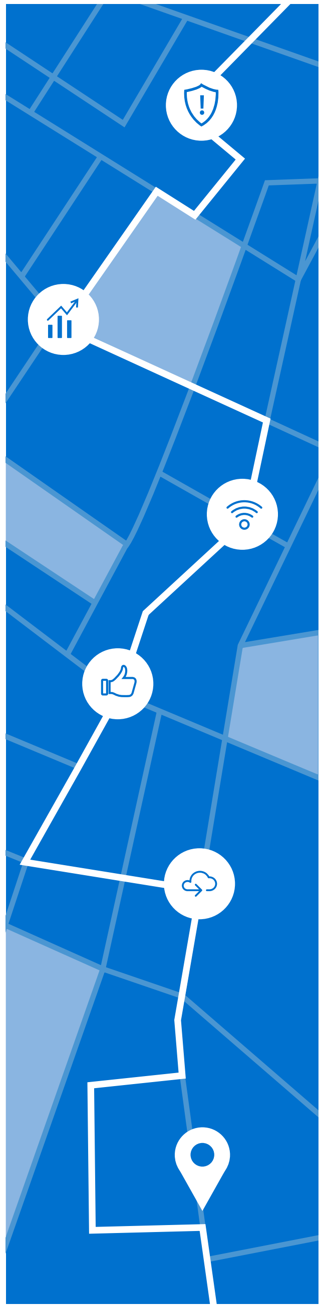

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Subsidiaries Report 2017-18

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CONTENTS

INFOSYS BPM LIMITED

(formerly Infosys BPO Limited)

Independent auditors' report

(formerly known as Infosys BPO limited)

To the members of Infosys BPM Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Infosys BPM limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

In conducting 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 and the Order issued under Section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A'. Our report expresses a unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, 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 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.

iii. There were not amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the central government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants

(Firm registration number :117366W / W-100018)

Anand Subramanian
Partner

(Membership No.110815)
Bengaluru, April 11, 2018

Annexure 'A' to the independent auditors' report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Infosys BPM Limited of even date)

Report on the internal financial controls over financial reporting 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 BPM limited ('the Company') as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India .

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm registration number :117366W / W-100018)

Anand Subramanian

Partner

(Membership No.110815)
Bengaluru, April 11, 2018

Annexure 'B' to the independent auditors' report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Infosys BPM Limited of even date)

i. In respect of the Company's fixed assets:

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

(b) The Company has a program of verification to cover substantial items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease arrangements are in the name of the Company, where the Company is the lessee in the agreement.

ii. The Company is in the business of providing business process management services and does not have any physical inventories. Accordingly, reporting under clause 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 Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs.in Crores)
The Income Tax Act 1961	Income Tax	High Court	A.Y. 2006-07	0.45
		Appellate Tribunal	A.Y. 2011-12	0.32
		Appellate Authority upto Commissioner's level	A.Y. 2008-09 to 2016-17, 2018-19	18.16
Sales Tax Laws	Sales Tax	Appellate Authority upto Commissioner's level	2011-12 and 2012-13	–*
Finance Act, 1994	Service Tax	Appellate Tribunal	January 2005 to March 2007, April 2007 to September 2010, October 2010 to September 2011.	94.69

* Indicates amount less ₹ 1 crore.

viii. The company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

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

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number : 117366W / W-100018

Anand Subramanian
Partner

Membership number : 110815

Bengaluru

April 11, 2018

Balance Sheet

in ₹ crore

Particulars	Note	As at March 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	249	256
Capital work-in-progress		3	13
Goodwill		19	19
Financial assets			
Investments	2.2	968	916
Loans	2.3	–	–
Other financial assets	2.4	31	33
Deferred tax assets net	2.14	50	41
Income tax assets net	2.14	77	59
Other non-current assets	2.7	27	10
Total non-current assetS		1,424	1,347
Current assets			
Financial assets			
Investments	2.2	458	279
Trade receivables	2.5	569	491
Cash and cash equivalents	2.6	1,303	2,061
Loans	2.3	18	17
Other financial assets	2.4	164	193
Other current assets	2.7	44	55
Total current assets		2,556	3,096
Total assets		3,980	4,443
Equity and liabilities			
Equity			
Equity share capital	2.9	34	34
Other equity		3,407	3,961
Total equity		3,441	3,995
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1	–
Other non-current liabilities	2.12	9	–
Total non-current liabilities		10	–
Current liabilities			
Financial liabilities			
Trade payables	2.11	29	7
Other financial liabilities	2.10	352	317
Other current liabilities	2.12	114	88
Provisions	2.13	22	28
Income tax liabilities net	2.14	12	8
Total current liabilities		529	448
Total equity and liabilities		3,980	4,443

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number:117366W / W-100018

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 11, 2018

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

D.N. Prahlad
Director

Sangita Singh
Director

Prof. Jayanth R. Varma
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Bindu Raghavan
Company Secretary

Statement of Profit and Loss

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

Particulars	Note No.	Years ended March 31, 2018	2017
Revenue from operations		3,061	2,940
Other income, net	2.15	219	221
Total Income		3,280	3,161
Expenses			
Employee benefit expenses	2.16	1,888	1,728
Cost of technical sub-contractors and professional charges	2.16	210	161
Travel expenses		125	126
Lease rentals	2.17	96	88
Depreciation and amortization expense	2.1	77	74
Other expenses	2.16	242	234
Total expenses		2,638	2,411
Profit before tax		642	750
Tax expense:			
Current tax	2.14	182	198
Deferred tax	2.14	(9)	–
Profit for the year		469	552
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		(3)	(4)
		(3)	(4)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on investmens, net of tax		(2)	–
		(2)	–
Total other comprehensive income, net of tax		(5)	(4)
Total comprehensive income for the year		464	548
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic (₹)		138.76	163.14
Diluted (₹)		138.76	163.14
Weighted average number of shares used in computing earnings per share			
Basic	2.19	3,38,27,751	3,38,27,751
Diluted	2.19	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 Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number:117366W / W-100018

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

Anand Subramanian
Partner
Membership number: 110815

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

D.N. Prahlad
Director

Sangita Singh
Director

Prof. Jayanth R. Varma
Director

Bengaluru
April 11, 2018

Nishit Ajitkumar Shah
Chief Financial Officer

Bindu Raghavan
Company Secretary

Statement of Changes in Equity

in ₹ crore

Particulars	Other equity							Total equity attributable to equity holders of the Company
	Equity share capital	Reserves and surplus					Other comprehensive income	
		Securities premium account	Retained earnings	Capital reserve	General reserve	Special economic zone re-investment reserve(1)		
Balance as at 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 investments, net of tax	–	–	–	–	–	–	–	–
Remeasurement of the net defined benefit liability / asset	–	–	–	–	–	–	(4)	(4)
Profit for the year	–	–	552	–	–	–	–	552
Balance as at March 31, 2017	34	25	2,949	1	1,000	–	(14)	3,995
Balance as at April 1, 2017	34	25	2,949	1	1,000	–	(14)	3,995
Changes in equity for the year ended March 31, 2018								
Fair value changes on investments, net of tax	–	–	–	–	–	–	(2)	(2)
Remeasurement of the net defined benefit liability / asset	–	–	–	–	–	–	(3)	(3)
Dividends (including corporate dividend tax of ₹172 crore)	–	–	(1,018)	–	–	–	–	(1,018)
Transfer to Special Economic Zone Re-investment Reserve	–	–	(59)	–	–	59	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	35	–	–	(35)	–	–
Profit for the year	–	–	469	–	–	–	–	469
Balance as at March 31, 2018	34	25	2,376	1	1,000	24	(19)	3,441

[1]The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1) (ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number:117366W/ W-100018

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 11, 2018

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

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Director

Sangita Singh
Director

Prof. Jayanth R. Varma
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Bindu Raghavan
Company Secretary

Statement of Cash Flows

in ₹ crore

Particulars	Years ended March 31, 2018	2017
Cash flow from operating activities		
Profit for the year	469	552
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization expense	77	74
Income tax expense	173	198
Profit on sale of property, plant and equipment	(1)	–
Interest on bank deposits and others	(119)	(181)
Income on other financial assets	(61)	(14)
Effect of exchange rate changes on assets and liabilities	(1)	22
Allowance for credit loss on financial assets	1	–
Other adjustments	(4)	–
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(92)	5
Loans and other financial assets and other assets	4	(13)
Trade payables	22	(3)
Other financial liabilities, other liabilities and provisions	68	(38)
Cash generated from operations	536	602
Income taxes paid	(194)	(198)
Net cash generated by operating activities	342	404
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(58)	(92)
Loans to employees	(1)	–
Deposits placed with corporation	(6)	–
Interest received on bank deposits and others	180	200
Investment in subsidiary	–	(7)
Payment to acquire financial assets		
Non-convertible debentures	(104)	(298)
Certificates of deposit	(363)	(270)
Government bonds	–	(5)
Fixed maturity plans	–	(50)
Liquid mutual fund units	(3,407)	(2,872)
Proceeds on sale of financial assets		
Liquid mutual fund units	3,387	2,892
Certificates of deposit	279	–
Government bonds	10	–
Net cash used in investing activities	(83)	(502)
Cash flow from financing activities:		
Payment of dividends (including corporate dividend tax)	(1,018)	–
Net cash used in financing activities	(1,018)	–
Effect of exchange rate changes on cash and cash equivalents	1	(27)
Net increase / (decrease) in cash and cash equivalents	(759)	(98)
Cash and cash equivalents at the beginning of the year	2,061	2,186
Cash and cash equivalents at the end of the year	1,303	2,061
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 Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number:117366W / W-100018

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 11, 2018

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

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Director

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Director

Prof. Jayanth R. Varma
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Bindu Raghavan
Company Secretary

Notes to the Standalone Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys BPM Limited ('Infosys BPM' or 'the Company') (formerly known as Infosys BPO Limited) was incorporated on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPM 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.

With effect from December 18, 2017, the name of the Company was changed from Infosys BPO Limited to Infosys BPM Limited.

The standalone financial statements are approved by the Company's Board of Directors on April 11, 2018.

1.2 Basis of preparation of financial statements

These standalone 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 ('the 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 relevant amendment rules issued thereafter.

Effective April 1, 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, with April 1, 2015 as the transition date. The transition was carried out from Indian Accouting 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.

Amounts for the year ended March 31, 2017 were audited by previous auditors B S R & Co. LLP.

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 year. the application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the standalone 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 standalone 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 jurisdiction. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

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.

d. Impairment of 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 (CGU) is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the CGU or groups of CGU which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purpose.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which the Management has based it's determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent the Management's best estimate about future developments.

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. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized rateably over the term of the underlying maintenance arrangement.

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 rateable 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 present revenues net of indirect 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[1]	22-25 years
Plant and machinery[1]	5 years
Computer equipment[1]	3-5 years
Furniture and fixtures[1]	5 years
Office equipment[1]	5 years

[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.

Leasehold improvements are written off over the lower of the lease term or the useful life of the asset.

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 are 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 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, 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.

1.7.2 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 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. 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 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 or 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 separate 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 as 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 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 twelve months after the Balance Sheet date.

(ii) Cash flow hedges

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 the hedging instrument 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.

1.7.3 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.

1.8 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.

Refer to Note No. 2.8 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to short maturity of these instruments.

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 the Statement of Profit and Loss.

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on number of factors including operation results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or group of assets. Impairment occurs when the carrying amount of CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of the CGU if the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss in goodwill is recognized in the Statement of Profit and Loss and is not reversed in the subsequent period.

(ii) 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 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 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.

1.11 Foreign currency

Functional currency

The functional currency of the Company is the Indian Rupee. The standalone 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.

1.12 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.

1.13 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. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch 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. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.14 Employee benefits

1.14.1 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 Indian 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 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.

1.14.2 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.

1.14.3 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.

1.14.4 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.

1.14.5 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.

1.15 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.

Amendment in Ind AS 7:

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the standalone financial statements.

1.16 Other income

Other income primarily comprises interest income, dividend income and exchange gain / loss on investments and 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.

1.17 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

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.

1.19 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This rule will come into force from April 1, 2018. The Group has evaluated the effect of this on the consolidated financial statements and it is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should 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. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach : This standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Cumulative catch-up approach : Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using use the cumulative catch-up transition method and accordingly comparatives for the year ending March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2018 are as follows:

in ₹ crore

Particulars	Land-leasehold	Buildings (1)	Leasehold improvement	Plant and machinery (3)	Office equipment (2)(3)	Computer equipment (3)	Furniture and fixtures (3)	Total
Gross carrying value as at April 1, 2017	12	153	93	46	111	264	61	740
Additions	–	–	22	13	3	26	6	70
Deletions	–	–	(1)	–	(1)	(20)	(1)	(23)
Gross carrying value as at March 31, 2018	12	153	114	59	113	270	66	787
Accumulated depreciation as at April 1, 2017	1	56	62	30	100	182	53	484
Depreciation	–	5	16	7	5	39	5	77
Accumulated depreciation on deletions	–	-	(1)	–	(1)	(20)	(1)	(23)
Accumulated depreciation as at March 31, 2018	1	61	77	37	104	201	57	538
Carrying value as at March 31, 2018	11	92	37	22	9	69	9	249
Carrying value as at April 1, 2017	11	97	31	16	11	82	8	256

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

in ₹ crore

Particulars	Land-leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at 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 at March 31, 2017	12	153	93	46	111	264	61	740
Accumulated depreciation as at 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 at March 31, 2017	1	56	62	30	100	182	53	484
Carrying value as at March 31, 2017	11	97	31	16	11	82	8	256

Particulars	Land-leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Carrying value as at April 1, 2016	11	102	17	21	11	71	8	241

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

(2) Include ₹ 3 crore spent on CSR activities for the year ended March 31, 2018.

(3) Property, plant and equipment of ₹ 13 crore was transferred from Infosys Limited to Infosys BPM Limited.

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, 2018 and March 31, 2017 amounted to ₹ 3 crore and ₹ 8 crore, respectively.

2.2 Investments

in ₹ crore

Particulars	As at March 31	
	2018	2017
Non-current investments		
Equity instruments of subsidiaries	569	569
Non-convertible debentures	346	297
Fixed maturity plan securities	53	50
	968	916
Current investments		
Liquid mutual fund units	38	–
Government bonds	–	9
Certificates of deposit	368	270
Non-convertible debentures	52	–
	458	279
Total carrying value	1,426	1,195

in ₹ crore, except as stated otherwise

Particulars	As at March 31	
	2018	2017
Non-current investments		
Unquoted		
Investments 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 AUD 1 each, fully paid	211	211
Infosys BPO Americas LLC	7	7
	569	569
Quoted		
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.2.3)	346	297
	346	297
Investments carried at fair value through profit or loss		
Fixed maturity plan securities (Refer to Note 2.2.4)	53	50
	53	50
Total Non-current investments	968	916
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.2.1)	38	–
	38	–
Investments carried at fair value through other comprehensive income		
Certificates of deposit (Refer to Note 2.2.5)	368	270

Particulars	As at March 31	
	2018	2017
	368	270
Quoted		
Investments carried at amortized cost		
Government bonds (Refer to Note 2.2.2)	–	9
	–	9
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.2.3)	52	–
	52	–
Total current investments	458	279
Total investments	1,426	1,195
Aggregate amount of quoted investments	451	356
Market value of quoted investments (including interest accrued thereon)	451	356
Aggregate amount of unquoted investments	975	839
Investment carried at cost	569	569
Investment carried at amortized cost	–	9
Investment carried at fair value through other comprehensive income	766	567
Investment carried at fair value through profit or loss	91	50

2.2.1 Details of investments in liquid mutual fund units

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

in ₹ crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Plus Growth Direct Plan	13,62,562	38	–	–
	13,62,562	38	–	–

2.2.2 Details of investments in government bonds

The balances held in government bonds are as follows:

in ₹ crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Treasury Notes PHY6972FWQ99 MAT DATE 07 June 2017	–	–	3,40,000	4
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	–	–	4,00,000	5
	–	–	7,40,000	9

2.2.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures are as follows:

in ₹ crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
8.60% Life Insurance Corporation Housing Finance Limited 22JUL2020	1,000	107	1,000	108
8.60% Life Insurance Corporation Housing Finance Limited 29JUL2020	350	37	350	38
8.50% Housing Development Finance Corporation Limited 31AUG2020	50	54	50	53
8.49% Housing Development Finance Corporation Limited 27APR2020	900	49	900	49
8.66% Infrastructure Development Finance Company Bank Limited 27DEC2018	400	52	400	49
7.78% Housing Development Finance Corporation Ltd 24MAR2020	100	99	–	–
	2,800	398	2,700	297

2.2.4 Details of investments in fixed maturity plan securities

The balances held in fixed maturiy plan securities are as follows:

in ₹ crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
ICICI FMP Series 80-1194 D Plan F Div	1,50,00,000	16	1,50,00,000	15
Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan	1,50,00,000	15	1,50,00,000	15
HDFC FMP 1155D Feb 2017-Direct Growth Series 37	1,00,00,000	11	1,00,00,000	10
Birla Sunlife Fixed Term Plan- Series OD (1145 days)	1,00,00,000	11	1,00,00,000	10
	5,00,00,000	53	5,00,00,000	50

2.2.5 Details of investments in certificates of deposit

The balances held in certifictes of deposit are as follows:

in ₹ crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Kotak Mahindra Bank Limited CD 23 Feb 18	–	–	11,500	109
AXIS Bank Limited CD 19 Jan 18	–	–	12,000	114
IDFC Bank Limited CD 07 Mar 18	–	–	5,000	47
AXIS Bank Limited CD 24 Jan 19	23,000	217	–	–
ICICI Bank Limited CD 14 Feb 19	10,000	95	–	–
ICICI Bank Limited CD 21 Feb 19	6,000	56	–	–
	39,000	368	28,500	270

2.3 Loans

in ₹ crore

Particulars	As at March 31	
	2018	2017
Non-current		
Unsecured, considered doubtful		
Loans to employees	4	6
Less: Allowance for doubtful loans to employees	4	6
	–	–
Current		
Unsecured, considered good		
Loans to employees	18	17
	18	17
Total loans	18	17

2.4 Other financial assets

in ₹ crore

Particulars	As at March 31	
	2018	2017
Non-current		
Security deposits [1]	2	2
Rental deposits [1]	29	31
	31	33
Current		
Security deposits [1]	1	3
Rental deposits [1]	3	2
Restricted deposits[1]	81	75
Unbilled revenues[1][3]	55	42
Interest accrued but not due [1]	19	52
Foreign currency forward contracts [2]	–	16
Others [1][3]	5	3
	164	193
Total other financial assets	195	226
[1] Financial assets carried at amortized cost	195	210
[2] Financial assets carried at fair value through Profit or Loss	–	16
[3] Includes dues from holding company, subsidiaries and other group companies (Refer to Note 2.21)	11	2

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 ₹ crore

Particulars	As at March 31,	
	2018	2017
Current		
Unsecured		
Considered good[1]	569	491
Considered doubtful	8	8
	577	499
Less: Allowances for credit losses	8	8
	569	491
[1] Includes dues from holding company, subsidiaries and other group companies (Refer to Note 2.21)	59	37

As at March 31, 2018 and March 31, 2017, there are no outstanding dues to micro and small enterprises. There are no interest due or outstanding on the same.

2.6 Cash and cash equivalents

in ₹ crore

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current and deposit accounts	692	1,311
Cash on hand	–	–
Others		
Deposits with financial institution	611	750
	1,303	2,061
Deposit with more than 12 months maturity	–	–

Cash and cash equivalents as at March 31, 2018 and March 31, 2017 include restricted cash and bank balances of less than ₹ 1 crore each. 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 at Balance Sheet dates with banks are as follows:

in ₹ crore

Particulars	As at March 31, 2018	As at March 31, 2017
In current accounts		
Bank of America, California, USA	24	17
Bank of America, California- Trust account, USA*	–	–
Bank of Philippine Islands, Philippines	1	–
Citibank, Philippines	–	1
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	1	5
Citi Bank, Singapore	1	1
Citi Bank, Australia	6	–
Deutsche Bank, India	4	3
Deutsche Bank- EEFC (Euro account)	1	4
Deutsche Bank- EEFC (UK Pound Sterling account)	1	1
Deutsche Bank- EEFC (US Dollar account)	5	3
Deutsche Bank, Netherland	5	-
Deutsche Bank, London, UK	1	1
Deutsche Bank, Philippines (PHP account)	10	1
Deutsche Bank, Philippines - (USD account)	3	4
ICICI Bank, India	3	5
ICICI Bank- EEFC (Euro account)	1	1
ICICI Bank- EEFC (UK Pound Sterling account)	11	1
ICICI Bank- EEFC (US Dollar account)	29	1
Royal Bank of Canada	1	–
State Bank of India, India	1	1
	110	51
In deposit accounts		
Axis Bank	–	230
HDFC Bank limited	75	120
ICICI Bank	7	282
IDBI Bank	250	–
Kotak Mahindra Bank	–	35
South Indian Bank	250	250
Yes Bank	–	143
IDFC Bank	–	200
	582	1,260

(in ₹ crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Deposits with financial institution		
HDFC Limited	611	750
	611	750
Total cash and cash equivalents	1,303	2,061

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

2.7 Other assets

in ₹ crore

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Capital advances	1	1
Advances other than capital advance		
Prepaid gratuity	5	9
Others		
Withholding and other tax receivables	21	–
	27	10
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	9	15
Others		
Prepaid expenses	6	6
Deferred contract cost	–	4
Withholding and other tax receivables	29	30
	44	55
Total other assets	71	65

Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Withholding and the other taxes primarily consists of input tax credit.

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2018 are as follows:

in ₹ crore

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 2.6)	1,303	–	–	–	–	1,303	1,303
Investments (Refer to Note 2.2)							
Non-convertible debentures	–	–	–	–	398	398	398
Liquid mutual fund units	–	–	38	–	–	38	38
Fixed maturity plan securities	–	–	53	–	–	53	53
Certificates of deposit	–	–	–	-	368	368	368
Trade receivables (Refer to Note 2.5)	569	–	–	–	–	569	569
Loans (Refer to Note 2.3)	18	–	–	–	–	18	18
Other financial assets (Refer to Note 2.4)	195	–	–	–	–	195	195
Total	2,085	–	91	–	766	2,942	
LIABILITIES							
Trade payables (Refer to Note 2.11)	29	–	–	–	–	29	29
Other financial liabilities (Refer to Note 2.10)	351	–	2	–	–	353	353
Total	380	–	2	–	–	382	

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

in ₹ crore

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 2.6)	2,061	–	–	–	–	2,061	2,061
Investments (Refer to Note 2.2)							
Non-convertible debentures	–	–	–	–	297	297	297
Government bonds	9	–	–	–	–	9	9
Fixed maturity plan securities	–	–	50	–	–	50	50
Certificates of deposit	–	–	–	–	270	270	270

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		
Trade receivables (Refer to Note 2.5)	491	–	–	–	–	491	491
Loans (Refer to Note 2.3)	17	–	–	–	–	17	17
Other financial assets (Refer to Note 2.4)	210	–	16	–	–	226	226
Total	2,788	–	66	–	567	3,421	
LIABILITIES							
Trade payables (Refer to Note 2.11)	7	–	–	–	–	7	7
Other financial liabilities (Refer to Note 2.10)	317	–	–	–	–	317	317
Total	324	–	–	–	–	324	

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 fair value hierarchy of assets and liabilities is as follows:

in ₹ crore

Particulars	As at March 31, 2018	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
ASSETS				
Investment in non-convertible debentures (Refer to Note 2.2)	398	202	196	–
Investment in Fixed maturity plans (Refer to Note 2.2)	53	–	53	–
Investment in certificates of deposit (Refer to Note 2.2)	368	–	368	–
Investment in liquid mutual funds (Refer to Note 2.2)	38	38	–	–
LIABILITIES				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (Refer to Note 2.10)	2	–	2	–

During the year ended March 31, 2018, the non-convertible debentures of ₹ 196 crore were transferred from Level 1 to Level 2.

The fair value hierarchy of assets and liabilities is as follows:

in ₹ crore

Particulars	As at 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 Note 2.2)	9	9	–	–
Investment in non-convertible debentures (Refer Note 2.2)	297	297	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts (Refer Note 2.4)	16	–	16	–
Investment in Fixed maturity plans (Refer Note 2.2)	50	–	50	–
Investment in certificates of deposit (Refer Note 2.2)	270	–	270	–

The fair value of liquid mutual funds units is based on quoted price. The fair value of government bonds and non-convertible debentures is based on quoted prices and market-observable inputs. The fair value of fixed maturity plan securities and certificates of deposit is based on market-observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active market 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 or depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as at March 31, 2018:

in ₹ crore

Particulars	US Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	Other currencies	Total
Cash and cash equivalents	61	8	14	6	14	103
Trade receivables	360	55	71	45	5	536
Other financial assets (including loans)	34	6	6	11	8	65
Trade payables	(9)	–	(4)	–	(1)	(14)
Other financial liabilities	(57)	(14)	(3)	(11)	(16)	(101)
Net assets / (liabilities)	389	55	84	51	10	589

The analysis of foreign currency risk from financial instruments as at March 31, 2017 is as follows:

in ₹ crore

Particulars	US Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	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

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation or appreciation in the exchange rate between the Indian Rupee and US Dollar, has affected the Company's incremental operating margins by approximately 0.44% and 0.40%, 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. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace.

The details of outstanding foreign exchange forward contracts are as follows:

Particulars	As at March 31,			
	2018		2017	
	In million	in ₹ crore	In million	in ₹ crore
Forward contracts				
In US Dollars	59	385	43	279

Particulars	As at March 31,			
	2018		2017	
	In million	in ₹ crore	In million	in ₹ crore
In Euro	–	–	3	17
In United Kingdom Pound Sterling	6	51	5	42
In Australian Dollars	5	25	5	25
Total forwards		461		363

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

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Not later than one month	134	88
Later than one month and not later than three months	203	159
Later than three months and not later than six months	124	116
	461	363

The Company offsets a financial asset and a financial liability when it 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 asset and settle the liability simultaneously.

The quantitative information about offsetting of derivative financial assets and derivative financial liabilities is as follows:

in ₹ crore

Particulars	As at March 31,			
	2018		2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset / liability	–	2	16	–
Amount set off	–	–	–	–
Net amount presented in the Balance Sheet	–	2	16	–

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 ₹ 569 crore and ₹ 491 crore as March 31, 2018 and March 31, 2017, respectively and unbilled revenue amounting to ₹ 55 crore and ₹ 42 crore as at March 31, 2018 and March 31, 2017, 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. As per 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 percentage of revenues generated from top customer and top ten customers is as follows:

(In %)

Particulars	Years ended March 31,	
	2018	2017
Revenue from top customer	6%	7%
Revenue from top ten customers	39%	40%

Credit risk exposure

The (reversal) / allowance for lifetime expected credit loss on customer balances is less than ₹ 1 crore and ₹ 2 crore for the year ended March 31, 2018 and March 31, 2017, respectively.

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Balance at the beginning	8	5
Provisions recognized / (reversed)	–	(2)
Write-offs	–	–
Translation differences	–	5
Balance at the end	8	8

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 borrowing. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2018 , the Company had a working capital of ₹ 2,027 crore including cash and cash equivalents of ₹ 1,303 crore and current investments of ₹ 458 crore. As at 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 at March 31, 2018 and March 31, 2017, the outstanding compensated absences were ₹ 72 crore and ₹ 63 crore, respectively, which have been substantially funded. Accordingly no liquidity risk perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018:

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	29	–	–	–	29
Client deposits	1		–	-	1
Other financial liabilities (Refer to Note 2.10)	280	–	–	–	280

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2017 are as follows:

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 financial liabilities (Refer to Note 2.10)	253	–	–	–	253

2.9 Equity

Equity share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2018	2017
Authorized		
Equity shares, ₹ 10/- par value		
12,33,75,000 (12,33,75,000) equity shares	123	123
Issued, subscribed and paid-up		
Equity shares, ₹ 10/- par value		
3,38,27,751 (3,38,27,751) equity shares fully paid -p	34	34
(Of the above 3,38,22,319 equity shares are held by the holding company, Infosys Limited)		
	34	34

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.

The Company declares and pays dividends in Indian Rupees.

The Board of Directors, in their meeting on October 17, 2017, declared an interim dividend of ₹ 250/- per equity share, which resulted in cash outflow of ₹ 1,018 crore inclusive of corporate dividend tax of ₹ 172 crore.

The details of shareholder holding more than 5% shares are as follows:

Name of the shareholder	As at March 31,			
	2018		2017	
	Number of shares	% held	Number of shares	% 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 is as follows:

Particulars	As at March 31,			
	2018		2017	
	Number of shares	Amount	Number of shares	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

2.10 Other financial liabilities

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Non-current		
Others		
Compensated absences	1	–
	1	–
Current		
Others		
Accrued compensation to employees	132	109
Accrued expenses (1)	132	137
Compensated absences	71	63
Client deposits	1	1
Capital creditors	2	2
Other payables (2)	12	5
Foreign currency forward contracts	2	–
	352	317
Total other financial liabilities	353	317
Financial liability carried at amortized cost	351	317
Financial liability carried at fair value through Profit or Loss	2	–
(1) Includes dues to holding company (Refer to Note 2.21)	–	2
(2) Includes dues to holding, subsidiaries and other group companies (refer to note 2.21)	8	3

2.11 Trade payables

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Current		
Trade payables(1)	29	7
	29	7
(1)Includes dues to holding, subsidiaries and other group companies (refer to note 2.21)	15	6

2.12 Other liabilities

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Non-current		
Deferred rent	9	–
	9	–
Current		
Unearned revenue	71	49
Others		
Withholding and others	39	39
Deferred rent	4	–
	114	88
Total other liabilities	123	88

2.13 Provisions

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Others		
Post-sales client support and others	22	28
	22	28

Provision for post-sales client support and others

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

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	28	33
Provision recognized / (reversed)	6	(5)
Provision utilized	(11)	–
Exchange difference	(1)	–
Balance at the end	22	28

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to twelve months.

2.14 Income taxes

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

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Current taxes	182	198
Deferred taxes	(9)	–
Income tax expense	173	198

Current tax expense for the year ended March 31, 2018 and March 31, 2017 includes reversal (net of additional provisions) is ₹ 2 crore and ₹ 3 crore respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2018 and March 31, 2017 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	Years ended March 31,	
	2018	2017
Profit before income taxes	642	750
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	223	259
Tax effect due to non-taxable income for Indian tax purposes	(53)	(56)
Overseas taxes	5	3
Tax reversals, overseas and domestic	(2)	(3)
Effect of exempt non-operating income	–	(1)
Effect of non-deductible expenses	(2)	3
Others	2	(7)
Income tax expense	173	198

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 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 BPM 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 details of income tax assets and income tax liabilities are as follows:

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Income tax assets	77	59
Current Income tax liabilities	(12)	(8)
Net income tax assets / (liability) at the end	65	51

The gross movement in the current income tax asset / (liability) is as follows:

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Net income tax asset / (liability) at the beginning	51	52
Translation differences	1	(3)
Income tax paid	194	198
Income tax expense	(182)	(198)
Income tax on other comprehensive income	1	2
Net income tax asset / (liability) at the end	65	51

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

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Deferred income tax assets		
Property, plant and equipment	23	16
Trade receivables	3	6
Compensated absences	20	18
Others	4	1
Total deferred income tax assets	50	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 the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

	Years ended March 31,	
	2018	2017
Deferred income tax assets to be recovered after 12 months	38	41
Deferred income tax assets to be recovered within 12 months	12	1
Total deferred income tax assets	50	41

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 ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Net deferred income tax asset at the beginning	41	41
Credits / (charge) relating to temporary differences	9	–
Net deferred income tax asset at the end	50	41

The credits relating to temporary differences during the year ended March, 2018 are primarily on account of property, plant and equipment, compensated absences, and others partially offset by reversal of credits pertaining to trade receivables.

2.15 Other income, net

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Interest received on financial assets carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	119	181
Interest Income on financial assets carried at fair value through other comprehensive income		
Non-convertible debentures	26	6
Certificates of deposit	14	–
Income on investments carried at fair value through profit or loss		
Dividend income on liquid mutual funds units	1	3
Gains / (losses) on liquid mutual funds units	20	4
Profit on sale of property, plant and equipment	1	1
Rental income from holding company	3	8
Exchange gains / (losses) on foreign currency forward contracts	9	39
Exchange gains / (losses) on translation of other assets and liabilities	1	(22)
Miscellaneous income, net[1]	25	1
	219	221

[1] Sale of duty scripts of ₹ 23 crore for the current year.

2.16 Expenses

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	1,779	1,634
Contribution to provident and other funds	81	75
Staff welfare	28	19
	1,888	1,728
Cost of technical sub-contractors and Professional charges		
Cost of technical sub-contractors	165	115
Legal and professional	22	22
Recruitment and training	23	24
Auditors' remuneration		
Statutory audit fees	–	–
Reimbursement of expenses	–	–
	210	161
Other expenses		
Consumables	4	4
Brand building and advertizement	3	2
Marketing expenses	3	4
Rates and taxes	8	5
Contribution towards Corporate Social Responsibility (Refer to Note 2.23)	13	15
Communication expenses	65	65

Particulars	Years ended March 31,	
	2018	2017
Power and fuel	25	29
Repairs and maintenance	79	78
Bank charges and commission	5	1
Postage and courier	–	–
Allowances / reversals for credit losses on financial assets	–	(2)
Provision for doubtful loans and advances	1	2
Professional membership and seminar participation fees	1	1
Cost of software for own use	30	21
Insurance	4	9
Others	1	–
	242	234

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Lease rentals recognized during the period	96	88

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,	
	2018	2017
Not later than 1 year	64	68
Later than 1 year and not later than 5 years	154	149
Later than 5 years	21	29

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.

2.18 Employee benefits

(a) Gratuity

The funded status of the gratuity plan and the amounts recognized in the Company's financial statements is as follows:

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Change in benefit obligations		
Benefit obligations at the beginning	66	57
Service cost	10	9
Interest expense	4	4
Acquisitions (credit) / cost	–	(2)
Remeasurements - Actuarial (gains) / losses	5	6
Benefits paid	(7)	(8)
Benefit obligations at the end	78	66
Change in plan assets		
Fair value of plan assets at the beginning	75	58
Interest income	5	5
Acquisitions adjustment	(1)	(2)
Actuarial gain / (loss)	–	–
Return on plan assets greater / (lesser) than discount rate	1	1
Contributions	10	22
Benefits paid	(7)	(9)
Fair value of plan assets at the end	83	75
Funded status	5	9
Prepaid gratuity benefit	5	9

The amount for the years ended March 31, 2018 and March 31, 2017 recognized in the Statement of Profit and Loss under employee benefit expenses is as follows

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Service cost	10	9
Net interest on the net defined benefit liability / (asset)	(1)	(1)
Net gratuity cost	9	8

The amount for the years ended March 31, 2018 and March 31, 2017 recognized in the Statement of Other Comprehensive Income is as follows:

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	5	6
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(1)	(1)
	4	5

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	(1)	1

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in experience assumptions	6	5
	5	6

The weighted-average assumptions for determining benefit obligations are as follows:

Particulars	As at March 31,	
	2018	2017
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%

The weighted-average assumptions for determining net periodic-benefit costs are as follows:

Particulars	Years ended March 31,	
	2018	2017
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	6.1 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, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 2 crore.

As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹ 2 crore.

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, 2018 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year-ended March 31, 2018 and March 31, 2017 were ₹ 6 crore and ₹ 5 crore, respectively.

Maturity profile of defined benefit obligation:

in ₹ crore

Within 1 year	24
1-2 year	21
2-3 year	19
3-4 year	18
4-5 year	16
5-10 years	42

(b) Superannuation

The Company contributed ₹ 5 crore to the Superannuation Trust for the year ended March 31, 2018 (₹ 4 crore for the year ended March 31, 2017).

(c) Provident fund

The Company contributed ₹ 65 crore towards Provident Fund for the year ended March 31, 2018 (₹ 63 crore for the year ended March 31, 2017).

(d) Pension Fund

The Company contributed ₹ 5 crore to pension funds for the year ended March 31, 2018 (₹ 5 crore for the year ended March 31, 2017).

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

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

Particulars	As at March 31,	
	2018	2017
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

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

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[1]	175	118

Particulars	As at March 31,	
	2018	2017
[Amount paid to statutory authorities ₹ 65 crore (₹ 23 crore)]		
Commitments :		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	30	29

(1) Claims against the Company not acknowledged as debts includes demand from the Indian income tax authorities for payment of tax including interest for fiscals 2006, 2007, 2008, 2009, 2011, 2012, 2013 and 2015. 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 in respect of export turnover. The above matters are pending before various Appellate Authorities.

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.

2.21 Related party transactions

List of related parties

Name of the entity	Country	Holding as at March 31,	
		2018	2017
Holding			
Infosys Limited	India	Holding Company	Holding Company
Subsidiaries			
Infosys (Czech Republic) Limited s.r.o.[1]	Czech Republic	100%	100%
Infosys Poland Sp z.o.o[1]	Poland	100%	100%
Infosys BPO Americas LLC.[1]	US	100%	100%
Infosys McCamish Systems LLC [1]	US	100%	100%
Portland Group Pty Ltd[1]	Australia	100%	100%

List of fellow subsidiaries

Name of the subsidiary	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)	US
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)	Australia
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[2]	US
Infosys Management Consulting Pty Limited[2]	Australia
Infosys Consulting AG[2]	Switzerland
Lodestone Augmentis AG[4][7]	Switzerland
Lodestone GmbH[2][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants Belgium) S.A[3]	Belgium
Infosys Consulting GmbH[2]	Germany
Infosys Consulting Pte Ltd.	Singapore
Infosys Consulting SAS[2]	France
Infosys Consulting s.r.o.[2]	Czech Republic
Lodestone Management Consultants GmbH (Loadstone Austria) [17]	Austria
Lodestone Management Consultants Co., Ltd.[2]	China
Infy Consulting Company Ltd.	UK
Infosys Arabia Limited	Saudi Arabia
Infy Consulting B.V.[2]	The Netherlands
Infosys Consulting Ltda.[3]	Brazil

Name of the subsidiary	Country
Infosys Consulting Sp. z.o.o.[2]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[2]	Portugal
S.C. Infosys Consulting S.R.L.[2]	Romania
Infosys Consulting S.R.L.[2]	Argentina
Infosys Canada Public Services Ltd.[12][13]	Canada
Infosys Nova Holdings LLC. (Infosys Nova)	US
Panaya Inc. (Panaya)	US
Panaya Ltd.[5]	Israel
Panaya GmbH[5]	Germany
Panaya Pty Ltd[5][8]	Australia
Panaya Japan Co. Ltd.[5]	Japan
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Noah Consulting LLC (Noah)[14]	US
Noah Information Management Consulting Inc. (Noah Canada)[6][16]	Canada
Brilliant Basics Holding Limited[10]	UK
Brilliant Basics Limited[11]	UK
Brilliant Basics MENA DMCC[11]	Dubai
Infosys Chile SpA[15]	Chile
Infosys Middle East FZ-LLC[18]	Dubai

(1) Wholly-owned subsidiary of Infosys BPM Limited
(2) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(3) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(4) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(5) Wholly-owned subsidiary of Panaya Inc.
(6) Wholly-owned subsidiary of Noah
(7) Liquidated effective October 5, 2016
(8) Liquidated effective November 16, 2016
(9) Liquidated effective December 21, 2016
(10) On September 8, 2017, Infosys acquired 100% of voting interest in Brilliant Basics Holding Limited, UK
(11) Wholly-owned subsidiary of Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Infosys Public Services, Inc.
(13) Liquidated effective May 9, 2017
(14) Liquidated effective November 9, 2017
(15) Incorporated effective November 20, 2017
(16) Liquidated effective December 20, 2017
(17) Wholly-owned subsidiary of Infosys Limited, effective February 28, 2018
(18) Wholly-owned subsidiary of Infosys Consulting Pte. Ltd.

List of trusts

Name of the trust	Country	Nature of relationship
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPM (Formerly known as Infosys BPO)
Infosys BPO Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPM (Formerly known as Infosys BPO)

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

in ₹ crore

Particulars	As at March 31,	
	2018	2017
Trade Receivables		
Infosys Limited	54	33
Infosys Poland Sp z.o.o	–	–
EdgeVerve	–	–
Infosys McCamish Systems LLC	2	2
Portland Group Pty Ltd	–	1
Infosys Public Services	2	1
Infosys Mexico	–	–
Infosys China	1	–
Infy Consulting Company Limited	–	–
	59	37
Other financial assets		
Infosys Limited	11	2
Infosys (Czech Republic) Limited s.r.o.	–	–
EdgeVerve	–	–
Infosys McCamish Systems LLC	–	–
	11	2
Trade payables		
Infosys Limited	8	5
Infosys (Czech Republic) Limited s.r.o.	1	–
Infosys Poland Sp z.o.o	1	–
Infy Consulting Company Limited	3	–
EdgeVerve	–	–
Infosys Consulting Pte. Ltd.	1	–
Infosys McCamish Systems LLC	–	–
Portland Group Pty Ltd	1	1
Infosys Management Consulting Pty Limited	–	–
	15	6
Other financial liabilities		
Infosys Limited	7	3
EdgeVerve	1	–
Infosys Mexico	–	–
Infosys McCamish Systems LLC	–	–
Portland Group Pty Ltd	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
	8	3
Accrued expense		
Infosys Limited	–	2
	–	2

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

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Revenue transactions		
Purchase of services		
Infosys Limited	70	58
Portland Group Pty Limited	11	4
Infosys McCamish Systems LLC	1	1
Infy Consulting Company Limited	18	10
Infosys Management Consulting Pty Limited	–	–
Infosys (Czech Republic) Limited s.r.o.	1	–
EdgeVerve	7	3
Infosys Poland Sp z.o.o	5	4
Infosys Consulting Pte. Ltd.	1	–
	114	80
Purchase of shared services including facilities and personnel		
Infosys Limited	67	49
Infosys (Czech Republic) Limited s.r.o.	–	–
EdgeVerve	–	–
Infosys McCamish Systems LLC	–	–
Infosys Management Consulting Pty Limited	–	–
Infosys Brazil	–	–
	67	49
Sale of services		
Infosys Public Services	17	20
Infosys Poland Sp z.o.o	1	2
Infosys Limited	502	390
EdgeVerve	3	4
Infy Consulting Company Limited	1	–
Infosys Mexico	–	1
Infosys China	–	-
Portland Group Pty Ltd	1	5
Infosys McCamish Systems LLC	29	37
	554	459
Sale of shared services including facilities and personnel		
Infosys Limited	21	19
Infosys McCamish Systems LLC	–	1
EdgeVerve Systems Limited	–	–
	21	20
Dividend paid		
Infosys Limited	846	–

Particulars	Years ended March 31,	
	2018	2017
	846	–

Changes in key management personnel

The following were the changes in key management personnel:

Names	Designation
Anup Uppadhayay[1]	Managing Director and Chief Executive Officer
Anantharaman Radhakrishnan[2]	Managing Director and Chief Executive Officer
Prof. Jayanth R.Varma	Independent Director
Dr. Omkar Goswami[11]	Independent Director
Bindu Raghavan [8]	Company Secretary
Roopa Kudva[3]	Independent Director
Deepak Bhalla[4]	Chief Financial Officer
A.G.S. Manikantha [7]	Company Secretary
UB Pravin Rao [9]	Chairman and Director
Nishit Ajitkumar Shah[5]	Chief Financial Officer
D.N. Prahlad[6]	Director
Sangita Singh[6]	Director
Ravikumar Singisetti [10]	Chairman and 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 November 11, 2016

(4) Resigned as a Chief Financial Officer effective July 18, 2016

(5) Appointed as a Chief Financial Officer effective July 19, 2016

(6) Appointed as a Director effective January 6, 2017

(7) Resigned as a Company Secretary effective April 13, 2017

(8) Appointed as a Company Secretary effective April 14, 2017

(9) Resigned as Chairman effective July 17,2017

(10) Appointed as Chairman effective July 18, 2017

(11) Resigned as Director effective March 31, 2018'

Transaction with key management personnel

The compensation given to key managerial personnel comprising directors and executive officers:

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Salaries and other employee benefits to whole-time directors and executive officers	4	5
Commission and other benefits to non-executive / independent directors	–	–
Total	4	5

2.22 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 segements. Accordingly, information has been presented both along business segment and geographic segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Business segments for the Company are primarily enterprises in Financial Services and Insurance (FSI) , enterprises in Manufacturing (MFG), enterprises in the Energy & utilities, Communication and Services (ECS),enterprises in Retail, Consumer packaged goods and Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprises all other places except those mentioned above and India.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include 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.

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. The Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous. Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Business segments

Details of revenues and expenses from business segments are as follows:

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenue from operations	875	898	264	89	935	3,061
	815	*945*	*241*	*89*	*850*	*2,940*
Identifiable operating expenses	363	440	119	41	354	1,317
	305	*449*	*113*	*40*	*309*	*1,216*
Allocated expenses	356	366	107	36	379	1,244
	310	*359*	*93*	*35*	*324*	*1,121*
Segment operating income	156	92	38	12	202	500
	200	*137*	*35*	*14*	*217*	*603*
Unallocable expenses						77
						74
Operating profit						423
						529
Other income, net						219
						221
Profit before tax						642
						750
Tax expense						173
						198
Net profit for the year						469
						552
Depreciation and amortization expense						77
						74
Non-cash expenses other than depreciation and amortization						1
						–

Geographic segments

Details of revenues and expenses from geographic segments are as follows:

in ₹ crore

Particulars	North America	Europe	Rest of the World	Total
Revenue from operations	1,704	739	618	3,061
	1,675	*732*	*533*	*2,940*
Identifiable operating expenses	707	378	232	1,317
	643	*372*	*201*	*1,216*
Allocated expenses	694	300	250	1,244
	639	*279*	*203*	*1,121*
Segment operating income	303	61	136	500
	393	*81*	*129*	*603*
Unallocable expenses				77
				74
Operating profit				423
				529
Other income, net				219
				221
Profit before tax				642
				750
Tax expense				173
				198
Net profit for the year				469
				552
Depreciation and amortization expense				77
				74
Non-cash expenses other than depreciation and amortization				1
				–

Significant clients

No client individually accounted for more than 10% of the revenues for the years ended March 31, 2018 and March 31, 2017.

2.23 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare, and rural development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

in ₹ crore

Particulars	In cash	Yet to be paid in cash	Total
(A) Gross amount required to be spent by the Company during the year	16	–	16
	16	–	16
(B) Amount spent during the year			
(i) Construction / acquisition of any asset	3	–	3
(ii) On purposes other than (i) above	13	–	13
	16	–	16

2.24 Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	Years ended March 31,	
	2018	2017
Revenue from operations	3,061	2,940
Cost of sales	2,192	1,993
Gross profit	869	947
Operating expenses		
Selling and marketing expenses	166	156
General and administration expenses	280	262
Total operating expenses	446	418
Operating profit	423	529
Other income	219	221
Profit before tax	642	750
Tax expense		
Current tax	182	198
Deferred tax	(9)	–
Profit for the year	469	552
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	(3)	(4)
	(3)	(4)
Items that will be reclassified to profit or loss		
Fair value changes on investments, net	(2)	–
	(2)	–
Total other comprehensive income, net of tax	(5)	(4)
Total comprehensive income for the year	464	548

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

D.N. Prahlad
Director

Sangita Singh
Director

Prof. Jayanth R. Varma
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 11, 2018

EDGEVERVE SYSTEMS LIMITED

Independent Auditors' Report

To The Members of EDGEVERVE SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EDGEVERVE SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, the Statement of Change in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
   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.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/W–100018

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

Annexure "A" to The Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of EdgeVerve Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Director's of the Company 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. 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, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Annexure 'B' to The Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of EdgeVerve Systems Limited of even date)

i. In respect of the Company's fixed assets:

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

   (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable.

ii. The Company is in the business of sale of software licences and providing related software services. Accordingly, it does not have any physical inventories. Thus, reporting under clause 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.

iv. During the year, the Company has not granted 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 provisions of Section 186 of the Act has been complied with.

v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3 (vi) of the Order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

   (c) Details of dues of Income Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
Income tax	Tax deduction at Source	Income tax Appellate tribunal (Bengaluru)	FY 2015-16	8	8

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. The Company does not have any outstanding dues from any financial institution and banks.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act are not applicable to the Company.

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

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

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Balance Sheet

in ₹ lakh

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,552	5,345
Capital work-in-progress		–	10
Financial assets			
Loans	2.3	16	28
Other financial assets	2.4	5,690	1
Deferred tax assets, net	2.14	1,631	1,369
Other non-current assets	2.7	1,457	1,555
Income tax assets, net	2.14	19,120	10,557
Total non-current assets		32,466	18,865
Current assets			
Financial assets			
Investments	2.2	4,263	2,939
Trade receivables	2.5	11,660	12,818
Cash and cash equivalents	2.6	3,810	2,160
Loans	2.3	521	626
Other financial assets	2.4	27,661	27,343
Other current assets	2.7	7,650	7,939
Total current assets		55,565	53,825
Total assets		88,031	72,690
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(2,70,917)	(3,02,696)
Total equity		(1,39,733)	(1,71,512)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,83,659	2,12,900
Other non-current liabilities	2.12	416	–
Total non-current liabilities		1,84,075	2,12,900
Current liabilities			
Financial liabilities			
Trade payables	2.11	9,163	47
Other financial liabilities	2.10	21,841	21,433
Other current liabilities	2.12	11,749	9,819
Provisions	2.13	936	3
Total current liabilities		43,689	31,302
Total equity and liabilities		88,031	72,690

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Profit and Loss

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

Particulars	Note no.	Years ended March 31, 2018	Years ended March 31, 2017
Revenue from operations		2,43,915	2,35,141
Other income, net	2.15	1,153	1,443
Total Income		2,45,068	2,36,584
Expenses			
Employee benefit expenses	2.16	82,161	92,053
Cost of technical sub-contractors		39,278	29,430
Travel expenses	2.16	11,816	13,021
Cost of software packages and others	2.16	22,458	17,695
Consultancy and professional charges		10,508	10,992
Depreciation expense	2.1	2,562	3,815
Finance Cost		15,580	19,713
Other expenses	2.16	15,296	13,987
Total expenses		1,99,659	2,00,706
Profit before tax		45,409	35,878
Tax expense			
Current tax	2.14	14,479	11,796
Deferred tax	2.14	(264)	(466)
Profit for the year		31,194	24,548
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		585	81
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		585	81
Total comprehensive income for the year		31,779	24,629
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		2.38	1.87
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		1,31,18,40,000	1,31,18,40,000

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

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

Gurvinder Singh
Partner
Membership number : 110128

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption reserve (1)	Business transfer adjustment reserve (2)		
Balance as of April 1, 2016	1,31,184	18,818	–	(3,44,760)	(1,383)	(1,96,141)
Changes in equity for the year ended March 31, 2017						–
Transfer to debenture redemption reserve	–	(24,548)	–	–	–	(24,548)
Transfer from retained earnings	–	–	24,548	–	–	24,548
Profit for the year	–	24,548	–	–	81	24,629
Balance as of March 31, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Balance as of April 1, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Changes in equity for the year ended March 31, 2018						–
Transfer to debenture redemption reserve	–	(24,202)	–	–	–	(24,202)
Transfer from retained earnings	–	–	24,202	–	–	24,202
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	585	585
Profit for the year	–	31,194	–	–	–	31,194
Balance as of March 31, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)

(1) The Company has created Debenture Redemption Reserve required under Sec 71 of Companies Act, 2013, from the profit.

(2) 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 accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

in ₹ lakh

Particulars	Years ended March 31, 2018	2017
Cash flow from operating activities		
Profit for the year	31,194	24,548
Adjustments to reconcile net profit to net cash generated by operating activities		
Depreciation expense	2,562	3,815
Income tax	14,215	11,330
Allowance for credit losses on financial assets	20	103
Provision / (reversal) for sales and customer support	934	–
Loss on sale of fixed assets	28	–
Finance cost	15,580	19,713
Interest and dividend income	(469)	(562)
(Gain) / loss on investments	(489)	–
Exchange difference on translation of assets and liabilities	293	(215)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,718	23,418
Loans, other financial assets and other assets	(6,228)	(5,122)
Trade payables	9,060	21
Other financial liabilities, other liabilities and provisions	8,997	949
Cash generated from operations	77,415	77,998
Income taxes paid	(23,042)	(12,962)
Net cash generated by operating activities	54,373	65,036
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(1,724)	(5,246)
Loans to employees	117	376
Payments to acquire financial assets		
Liquid mutual fund units	(1,37,708)	(1,63,333)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,36,875	1,63,563
Interest and dividend received on investments	490	544
Net cash generated / used in investing activities	(1,950)	(4,096)
Cash flow from financing activities		
Repayment of debenture to holding company	(34,900)	(42,000)
Interest paid	(15,580)	(19,713)
Net cash used in financing activities	(50,480)	(61,713)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(293)	215
Net increase / (decrease) in cash and cash equivalents	1,650	(558)
Cash and cash equivalents at the beginning of the year	2,160	2,718
Cash and cash equivalents at the end of the year	3,810	2,160
Supplementary information:		
Restricted cash balance	19	731

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

Gurvinder Singh
Partner
Membership number : 110128

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

1. Company overview and significant accounting policies

1.1 Company overview

EdgeVerve Systems Limited ("the Company") is a limited company incorporated in India. It is a wholly-owned subsidiary of Infosys Limited. The address of its registered office is Plot No. 44, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. 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.

The financial statements are approved by the Company's Board of Directors on April 11, 2018.

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 and the provisions of the Companies Act, 2013 ('the 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.

Effective April 1, 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, with April 1, 2015 as the transition date. 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.

Amounts for the year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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.

As the quarter and year figures are taken from the source and rounded to the nearest digit, the figures already reported for all the quarters during the year might not always add up to the year figures reported in the statements.

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 year. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments 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. The 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. Property, plant and equipment

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 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

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 rateably 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 rateable 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.

1.6 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.

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 contracts. Costs associated with such support services are accrued at the time related revenues are recorded in the Statement of Profit and Loss. 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.

1.7 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[1]	5 years
Computer equipment[1]	3-5 years
Furniture and fixtures[1]	5 years
Office equipment[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.

1.8 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.

1.9 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, that are not at fair value through profit or loss, are added to the fair value on initial recognition and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are at fair value are recognised immediately in the statement of profit or loss. Regular way purchase and sale of financial assets are accounted for at trade date.

1.9.2 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 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.

b. 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.

1.9.3 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.

1.10 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.

Refer to Note 2.8 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

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, ECL 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 ECL (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 Cash Generating Unit ('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.

1.12 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 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 EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian 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 remeasurements 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 EdgeVerve are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

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 performed by an independent actuary using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses 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 Indian rupee. These financial statements are presented in Indian Rupees (rounded off to lakh).

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 year 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 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.

1.15 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 year 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 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 year. 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.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit for the year 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.

Amendment to Ind AS 7

The Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material the effect on the financial statements.

1.18 Borrowing costs

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

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. All other lease are classified as operating lease. 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 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This rule will come into force from April 1, 2018. The Company has evaluated the effect of this and it is not material."

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should 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. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach: This approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach: Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.
- The effective date for adopting Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using use the cumulative catch-up transition method and accordingly comparatives for the year ending March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018:

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2017	42	151	9,737	89	10,019
Additions	18	13	1,811	36	1,878
Deletions	42	–	2,159	41	2,242
Gross carrying value as of March 31, 2018	18	164	9,389	84	9,655
Accumulated depreciation as of April 1, 2017	9	40	4,602	23	4,674
Depreciation	16	38	2,466	41	2,562
Accumulated depreciation on deletions	21	–	2,089	23	2,133
Accumulated depreciation as of March 31, 2018	5	78	4,979	41	5,103
Carrying value as of March 31, 2018	13	86	4,410	43	4,552

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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	4,263	2,939
Total investments	4,263	2,939
Market value of unquoted investments	4,263	2,939
Liquid mutual funds		

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

in ₹ lakh

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Particulars				
Aditya Birla Sun Life Cash Plus Direct Growth Plan	2,68,992	751	11,24,618	2,939
ICICI Prudential Liquid Direct plan	13,65,687	3,512	–	–
	16,34,679	4,263	11,24,618	2,939

The fair value of liquid mutual funds as of March 31, 2018 and March 31, 2017 is ₹4,263 lakh and ₹2,939 lakh , respectively.

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Other loans		
Loans to employees	16	28
	16	28

Particulars	As at March 31, 2018	2017
Current		
Unsecured, considered doubtful		
Loans to employees	7	2
Less: Allowances for doubtful loans to employees	7	2
	–	–
Other loans		
Loans to employees	521	626
	521	626
Total loans	537	654

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31, 2018	2017
Non-current		
Other customer receivables	5,689	–
Security deposits	1	1
	5,690	1
Current		
Restricted Deposits	3,906	3,227
Unbilled revenues [1]	23,390	23,970
Interest accrued but not due	5	26
Others [2]	360	120
	27,661	27,343
	33,351	27,344
Financial assets carried at amortized cost	33,351	27,344
[1] Includes dues from fellow subsidiaries (Refer to Note 2.22)	593	19
[2] Includes dues from fellow subsidiaries (Refer to Note 2.22)	2	–

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31, 2018	2017
Unsecured		
Considered good[1]	11,660	12,818
Considered doubtful	73	103
	11,733	12,921
Less: Allowances for credit losses	73	103
	11,660	12,818
	11,660	12,818
[1] Includes dues from fellow subsidiaries (Refer to Note 2.22)	630	200

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31, 2018	2017
Balances with banks		
In current and deposit accounts	3,810	2,160
	3,810	2,160
Deposit accounts with more than 12 months maturity	19	705
Balances with banks held as margin money deposits against guarantees	19	731

Cash and cash equivalents as of March 31, 2018 and March 31, 2017 include restricted cash and bank balances of ₹ 19 lakh and ₹ 731 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

Particulars	As at March 31, 2018	2017
In current accounts		
ICICI Bank, India	858	161
ICICI Bank, EEFC US Dollar account)	574	186
State Bank of India	9	4
	1,441	351
In deposit accounts		
ICICI Bank	2,369	1,809
	2,369	1,809
Total cash and cash equivalents	3,810	2,160

2.7 Other assets

in ₹ lakh

Particulars	As at March 31, 2018	2017
Non-Current		
Capital advances	–	7
Prepaid expenses	29	111
	29	118
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.18)	1,428	1,437
	1,457	1,555
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	223	230
Balance with Government authorities	342	2,549
Others		
Prepaid expenses	1,771	1,288
Withholding and other taxes receivable	5,314	3,872
	7,650	7,939

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

in ₹ lakh

Particulars	Note no.	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	2.6	3,810	–	–	–	–	3,810	3,810
Investments- liquid mutual funds	2.2	–	–	4,263	–	–	4,263	4,263
Trade receivables	2.5	11,660	–	–	–	–	11,660	11,660
Loans	2.3	537	–	–	–	–	537	537
Other financial assets	2.4	33,351	–	–	–	–	33,351	33,351

Particulars	Note no.	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		
Total		49,358	–	4,263	–	–	53,621	53,621
Liabilities								
Trade payables	2.11	9,163	–	–	–	–	9,163	9,163
Non-convertible debentures [1]	2.10	1,78,000	–	–	–	–	1,78,000	1,78,000
Other financial liabilities	2.10	27,500	–	–	–	–	27,500	27,500
Total		2,14,663	–	–	–	–	2,14,663	2,14,663

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

in ₹ lakh

Particulars	Note no.	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	2.6	2,160	–	–	–	–	2,160	2,160
Investments-liquid mutual funds	2.2	–	–	2,939	–	–	2,939	2,939
Trade receivables	2.5	12,818	–	–	–	–	12,818	12,818
Loans	2.3	654	–	–	–	–	654	654
Other financial assets	2.4	27,344	–	–	–	–	27,344	27,344
Total		42,976	–	2,939	–	–	45,915	45,915
Liabilities								
Trade payables	2.11	47	–	–	–	–	47	47
Non-convertible debentures [1]	2.10	2,12,900	–	–	–	–	2,12,900	2,12,900
Other financial liabilities	2.10	21,433	–	–	–	–	21,433	21,433
Total		2,34,380	–	–	–	–	2,34,380	2,34,380

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

Fair value hierarchy

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

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

in ₹ lakh

Particulars	As on March 31, 2018	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	4,263	4,263	–	–

Particulars	As on March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	2,939	2,939	–	–

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018:

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	574	–	–	–	–	574
Trade receivables	7,069	197	–	–	508	7,774
Other financials assets (including loans)	4,611	237	74	(364)	362	4,920
Trade payables	(101)	(61)	(9)	–	(9)	(180)
Other financial liabilities	(3,530)	(16)	(11)	(391)	(381)	(4,329)
Net assets / (liabilities)	8,623	357	54	(755)	480	8,759

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

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	186	–	–	–	–	186
Trade receivables	9,411	61	–	–	194	9,665
Other financials assets (including loans)	10,359	1,084	531	1,711	2,290	15,974
Other financial liabilities	(869)	(10)	–	2	(396)	(1,273)
Net assets / (liabilities)	19,086	1,135	531	1,713	2,087	24,552

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 ₹11,660 lakh and ₹12,818 lakh as of March 31, 2018 and March 31, 2017 respectively and unbilled revenue amounting to ₹23,390 lakh and ₹23,970 lakh as of March 31, 2018 and March 31, 2017, 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 the year ended March 31, 2018 and March 31, 2017 was ₹16 lakh and ₹140 lakh, respectively.

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	136	2
Provisions recognized	16	140
Write-offs	–	–
Translation differences	2	(6)
Balance at the end	154	136

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 March 31, 2018, the Company had a working capital of ₹11,876 lakh including cash and cash equivalents of ₹3,810 lakh and current investments of ₹4,263 lakh. 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, 2018 and March 31, 2017, the outstanding compensated absences were ₹3,009 lakh and ₹2,822 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2018 'are as follows:

in ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	9,163	–	–	–	9,163
Other liabilities excluding non convertible debentures*	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

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(1)	21,433	–	–	–	21,433
	21,480	–	–	–	21,480

(1) The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

2.9 Equity

Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31, 2018	2017
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (Previous year 4,100,000,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,311,840,000 (Previous year 1,311,840,000) 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, 2018 and March 31, 2017 are set out below:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	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 are as follows:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000
Add: Shares issued	–	–	–	–
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

2.10 Other financial liabilities

in ₹ lakh

Particulars	As at March 31, 2018	2017
Non-current		
Non-convertible debentures *(1)	1,78,000	2,12,900
Other payables	5,659	–
	1,83,659	2,12,900
Current		
Accrued compensation to employees	4,337	3,357
Capital creditors	56	–
Compensated absences	3,009	2,822
Accrued expenses (2)	13,651	14,548
Other payables (3)	788	706
	21,841	21,433
Total financial liabilities	2,05,500	2,34,333
Financial liability carried at amortized cost	2,05,500	2,34,333
* The interest rate for the debentures as of March 31, 2018 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 7.692%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.		
(1) Includes dues to holding company (Refer to Note 2.22)	1,78,000	2,12,900
(2) Includes dues to holding company (Refer to Note 2.22)	3,184	4,524
(3) Includes dues to fellow subsidiaries (Refer to Note 2.22)	412	198

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31, 2018	2017
Trade payables (1)	9,163	47
	9,163	47
(1) Includes dues to holding company / fellow subsidiaries (Refer to Note 2.22)	405	6

As at March 31, 2018 and March 31, 2017, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31, 2018	2017
Non-Current		
Deferred rent	416	–
	416	–
Current		
Unearned revenue	7,815	7,724
Withholding and others	3,934	2,095
	11,749	9,819

2.13 Provisions

in ₹ lakh

Particulars	As at March 31, 2018	2017
Others		
Post-sales client support	936	3
	936	3

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

in ₹ lakh

Particulars	As at March 31, 2018	2017
Balance at the beginning	3	562
Provisions recognized / (reversal)	934	(560)
Translation differences	(1)	1
Balance at the end	936	3

2.14 Income taxes

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

in ₹ lakh

Particulars	As at March 31, 2018	2017
Current taxes	14,479	11,796
Deferred taxes	(264)	(466)
Income tax expense	14,215	11,330

Current tax expense for the year ended March 31, 2018 and March 31, 2017 includes provisions / (reversal) amounting to ₹(124) lakh and ₹4,136 lakh 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 ₹ lakh

Particulars	As at March 31, 2018	2017
Profit before income taxes	45,409	35,878
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	15,716	12,417
Tax effect due to non-taxable income for Indian tax purposes	–	(44)
Overseas taxes, net of FTC	1,030	494
Prior year taxes	(124)	4,136
Effect of exempt non-operating income	–	(134)
Effect of differential overseas tax rates	–	13
Effect of non-deductible expenses	(19)	20

Particulars	As at March 31,	
	2018	2017
Additional deduction on research and development expense	(2,173)	(5,627)
Others	(215)	55
Income tax expense	14,215	11,330

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 is 34.61%.

The details of income tax assets and income tax liabilities are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Income tax assets	47,706	25,721
Current income tax liabilities	28,586	15,164
Net current income tax assets at the end	19,120	10,557

The gross movement in the current income tax asset are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net current income tax assets at the beginning	10,557	9,885
Income tax paid	23,042	12,960
Current income tax expense (Refer to Note 2.14)	(14,479)	(12,288)
Net current income tax assets at the end	19,120	10,557

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,	
	2018	2017
Deferred income tax assets		
Trade receivables	317	49
Compensated absences	1,052	977
MAT credit entitlement	–	494
Others	490	153
Total deferred income tax assets	1,859	1,673
Deferred income tax liabilities		
Property, plant and equipment	228	304
Total deferred income tax liabilities	228	304
Deferred income tax assets after set off	1,631	1,369
Deferred income tax liabilities after set off	–	–

The gross movement in the deferred income tax account is as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net deferred income tax asset at the beginning	1,369	409
Credits relating to temporary differences (Refer to Note 2.14)	264	958
Temporary differences on other comprehensive income	(2)	2
Net deferred income tax asset at the end	1,631	1,369

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 (with effect from AY 2018-19, MAT credit can be carried forward up to fifteen 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. The Deferred income tax asset for MAT credit entitlement is Nil and ₹494 lakh as on March 31, 2018 and March 31, 2017 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.

2.15 Other income

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Interest received on financial assets-carried at amortized cost:		
Deposits with banks and others	469	340
Dividend received on investments carried at fair value through profit or loss	–	222
Exchange gain / (loss) on translation of other assets and liabilities	42	714
Gain / (loss) on investment carried at fair value through profit or loss	489	–
Miscellaneous income	153	167
	1,153	1,443

2.16 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	77,661	87,269
Contribution to provident and other funds	3,568	3,940
Staff welfare	932	844
	82,161	92,053
Travel expenses		
Overseas travel expenses	10,449	11,794
Travelling and conveyance	1,367	1,227
	11,816	13,021
Cost of software packages and others		
For own use	3,971	2,021
Third party items bought for service delivery to clients	18,487	15,674
	22,458	17,695
Other expenses		
Repairs and maintenance	2,320	2,276
Brand and marketing	2,128	2,416
Communication expenses	878	835
Operating lease payments (Refer to Note 2.17)	5,231	5,055
Rates and taxes	75	222
Commission charge	2,249	2,738
Fuel and power	727	347
Consumables	224	129
Provision for post-sales client support	934	(560)
Commission to non-whole time directors	20	18
Impairment loss recognized on financial assets	20	140
Contributions towards Corporate Social Responsibility	155	–
Auditors' remuneration		
Statutory audit fees	25	36
Others	310	335
	15,296	13,987

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year 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	Years ended March 31,	
	2018	2017
Lease rentals recognized during the year	5,231	5,055

in ₹ lakh

Lease obligations payable[(1)]	As at March 31,	
	2018	2017
Within one year of the Balance Sheet date	705	656
Due in a period between one year and five years	3,213	210
Due after five years	2,161	–

The operating lease arrangements, are renewable on a periodic basis and are extendable upto a maximum of ten years from the date of inception and relates to rented premises and have price escalation clauses.

(1) Lease obligation payable as on March 31, 2018 pertains to balance period of entire lease term.

2.18 Employee benefits

Gratuity

The funded status of the gratuity plans and the amounts recognized in the Company's financial statements are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Change in benefit obligations		
Benefit obligations at the beginning	7,058	6,091
Service cost	915	869
Interest expense	456	460
Transfer of obligation	(311)	254
Remeasurements - Actuarial (gains) / losses	(758)	(29)
Benefits paid	(640)	(587)
Benefit obligations at the end	6,720	7,058
Change in plan assets		
Fair value of plan assets at the beginning	8,496	6,165
Interest income	553	521
Transfer of assets	(344)	124
Remeasurements-Return on plan assets excluding amounts included in interest income	83	73
Contributions	–	2,200
Benefits paid	(640)	(588)
Fair value of plan assets at the end	8,148	8,495
Funded status	1,428	1,437
Prepaid gratuity benefit	1,428	1,437

Amount recognized in the Statement of Profit and Loss under employee benefit expenses:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Service cost	915	869
Net interest on the net defined benefit liability / asset	(97)	(61)
Net gratuity cost	818	808

Amount recognized in Statement of Other Comprehensive Income

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(758)	(29)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(83)	(73)
	(841)	(102)

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in financial assumptions	(364)	539
(Gain) / loss from change in experience	(394)	(568)
	(758)	(29)

The weighted-average assumptions used to determine benefit obligations are as follows

Particulars	As at March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost are as follows

Particulars	Years ended March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	6.1 years	6.1 years

As of March 31, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹582 lakh.

As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation level will affect our gratuity benefit obligation by approximately ₹522 lakh.

Sensitivity to 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. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is not probable, and changes in some of the assumptions may be correlated.

Gratuity is applicable only to employees drawing a salary in Indian Rupees and there are no other foreign defined benefit 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, 2018 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2018 and March 31, 2017 were ₹636 lakh and ₹594 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:

in ₹ lakh

Within 1 year	600
1-2 year	614
2-3 year	679
3-4 year	804
4-5 year	835
5-10 years	5,037

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

2.19 Provident fund

The Company contributed ₹2,104 lakh during the year ended March 31, 2018 (₹1,955 lakh for the year ended March 31, 2017).

2.20 Superannuation

The Company contributed ₹615 lakh during the year ended March 31, 2018 (₹693 lakh for the year ended March 31, 2017).

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Contingent liabilities		
Claims against the Company, not acknowledged as debts [1]	8	–
Commitments		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	733	1,255

[1] As at March 31, 2018, claims against the Company not acknowledged as debts in respect of income tax matters amounts to ₹8 lakh. These matters are pending before Income Tax Appellate Tribunal (ITAT) and the Management and its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims is Nil.

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.

2.22 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at March 31,	
		2018	2017
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of the subsidiary	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 Nova Holdings LLC. (Infosys Nova)	US
Lodestone Management Consultants GmbH (Lodestone Austria)(1)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Ltd.(5)(6)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(7)	Czech Republic
Infosys Poland, Sp z.o.o(7)	Poland
Infosys McCamish Systems LLC (7)	US
Portland Group Pty Ltd(7)	Australia
Infosys BPO Americas LLC.(7)	US
Infosys Consulting Holding AG (formerly Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(4)(8)	US
Infosys Management Consulting Pty Limited(8)	Australia
Infosys Consulting AG(8)	Switzerland
Infosys Consulting GmbH(8)	Germany
Infosys Consulting SAS(8)	France
Infosys Consulting s.r.o.(8)	Czech Republic
Lodestone Management Consultants Co., Ltd.(8)	China
Infy Consulting Company Ltd(8)	UK
Infy Consulting B.V.(8)	The Netherlands
Infosys Consulting Sp. z.o.o(8)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (8)	Portugal
S.C. Infosys Consulting S.R.L.(8)	Romania
Infosys Consulting S.R.L.(8)	Argentina
Lodestone GmbH(8)(9)	Switzerland
Lodestone Augmentis AG (10)(11)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(12)	Belgium
Infosys Consulting Ltda.(12)	Brazil
Panaya Inc. (Panaya)	US
Panaya Ltd.(13)	Israel
Panaya GmbH(13)	Germany
Panaya Japan Co. Ltd(4)(13)	Japan
Panaya Pty Ltd.(13)(14)	Australia
Noah Consulting LLC (Noah)(15)	US
Noah Information Management Consulting Inc. (Noah Canada)(16)(17)	Canada
Brilliant Basics Holdings Limited(18)	UK
Brilliant Basics Limited(19)	UK

Name of the subsidiary	Country
Brilliant Basics (MENA) DMCC[19]	Dubai
Infosys Consulting Pte Limited[1]	Singapore
Infosys Middle East FZ LLC[20]	Dubai

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys Public Services, Inc.
(6) Liquidated effective May 9, 2017
(7) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(8) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(9) Liquidated effective December 21, 2016
(10) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(11) Liquidated effective October 5, 2016
(12) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(13) Wholly-owned subsidiary of Panaya Inc.
(14) Liquidated effective November 16, 2016
(15) Liquidated effective November 9, 2017
(16) Wholly-owned subsidiary of Noah
(17) Liquidated effective December 20, 2017
(18) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1
(19) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(20) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

List of associates	Country
DWA Nova LLC[1][2]	US

(1) Associate of Infosys Nova Holdings LLC
(2) DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017

List of other related parties

Name of the entity	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)
- Jonathan Heller (resigned on July 10, 2017)
- Sanat Rao (appointed on November 16, 2016)
- Ritika Suri (resigned on August 15, 2017)
- D N Prahlad (appointed on January 6, 2017)
- Sanjay Purohit (resigned on September 30, 2016)
- Roopa Kudva (resigned on November 11, 2016)
- Arun Krishnan (resigned on April 30, 2017)
- Sandeep Dadlani (resigned on June 23, 2017)
- Deepak Padaki (appointed on July 10, 2017)
- Inderpreet Sawhney (appointed on September 1, 2017)
- Pervinder Johar (resigned on October 13, 2017)
- Nitesh Banga (appointed on December 1, 2017)
- Executive officers
- Prem Pereira, Chief Financial Officer
- Sudhir Shridhar Gaonkar, Company Secretary

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Trade receivables		
Infosys Public Services	49	7
Infosys BPM Limited	3	–
Infosys Poland	135	–
Infosys China	443	193
	630	200
Other receivables		
Infosys China	1	–
Infosys Mexico	1	–
	2	–
Non convertible debentures		
Infosys Limited	1,78,000	2,12,900
	1,78,000	2,12,900
Trade payables		
Infosys Limited	318	(2)
Infosys Consulting	61	–
Infosys BPM Limited	26	8
	405	6
Other payables		
Infosys BPM Limited	–	22
Infosys China	–	24
Infosys Mexico	32	–
Panaya Ltd.	380	152
	412	198
Unbilled Revenue		
Infosys Public Services	315	10
Infosys Consulting (Singapore)	74	–
Infosys China	33	–
Infosys BPM Limited	126	–
Infosys Poland	45	9
	593	19
Accrued expenses		
Infosys Limited	3,184	4,524
	3,184	4,524

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	Years ended March 31,	
	2018	2017
CAPITAL TRANSACTIONS		
Financing transactions		
Debentures		
Infosys Limited	(34,900)	(42,000)
Revenue transactions		
Sale of services		
Infosys Public Services	494	141
Infosys Poland	231	–
Infosys China	278	177
Infosys Consulting (Singapore)	74	–
Infosys BPM Limited	698	120
	1,775	438
Purchase of shared services including facilities and personnel		
Infosys Limited	44,742	34,445
Infosys Mexico	176	–
Infosys Consulting	271	–
Infosys BPM Limited	306	251
Panaya Ltd.	1,470	1,288
	46,965	35,984
Finance cost		
Infosys Limited	15,580	19,713

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

Transaction with key managerial personnel

The compensation given to key managerial personnel which comprise directors and executive officers:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Salaries and other employee benefits to whole-time directors and executive officers	1,039	221
Commission and other benefits to non-executive / independent directors	20	18
Total	1,059	239

2.23 Research and development expenditure

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [(1)]		
Capital Expenditure	–	–
Revenue Expenditure	12,560	16,258
Other R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	19,980	23,909
Total R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	32,540	40,167

(1) During the year ended March 31, 2018 and 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, 2020 and upto March 31, 2017 respectively. The weighted tax deduction is equal to 150% and 200% respectively of such expenditure incurred.

2.24 Segment-reporting

The Company's business activity, falls within a single primary business segment, i.e. providing products and platforms and related services. Accordingly, 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.

2.25 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 developement 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 ₹155 lakh.

b) The details of the amount spent during the year on CSR activities are as follows:

in ₹ lakh

Sl. No.	Particulars	In cash	To be paid in cash	Total
(i)	Construction/acquisition of any asset	–	–	–
(ii)	For purposes other than (i) above	155	–	155

2.26 Function wise classification of Statement of Profit and Loss

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Revenue from operations	2,43,915	2,35,141
Cost of sales	1,44,685	1,38,191
Gross profit	99,230	96,950
Selling and marketing expenses	17,350	19,935
General and administration expenses	22,044	22,867
Total operating expenses	39,394	42,802
Operating profit	59,836	54,148
Other Income	1,153	1,443
Profit before interest and tax	60,989	55,591
Finance cost	15,580	19,713
Profit before tax	45,409	35,878
Tax expense:		
Current tax	14,479	11,796
Deferred tax	(264)	(466)
Profit for the year	31,194	24,548
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	585	81
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	585	81
Total comprehensive income for the year	31,779	24,629

for and on behalf of the Board of Directors of Edgeverve Systems Limited

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11 , 2018

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INFOSYS PUBLIC SERVICES, INC.

Independent Auditors' Report

To the Board of Directors of

Infosys Public Services, Inc.

We have audited the accompanying financial statements of Infosys Public Services, Inc. (the "Company"), which comprise the Balance Sheet as of March 31, 2018 and the related statement of income, shareholders' equity and cash flows for the year ended March 31, 2018 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 audit. We conducted our audit 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 Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infosys Public Services Inc as of March 31, 2018, the results of its operations, changes in shareholder's equity and its cash flows for year ended March 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Predecessor's Auditors' Opinion on March 31, 2017 Financial Statements

The financial statements of the Company as of and for the year ended March 31, 2017 were audited by other auditors whose report, dated May 15, 2017 expressed an unmodified opinion on those financial statements.

Bengaluru, India

May 4, 2018

Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	59,290,602	39,981,209
Trade accounts receivables	2.2	14,887,404	21,158,978
Unbilled revenue		13,637,740	8,153,920
Loan to fellow subsidiaries		8,500,000	–
Prepayments and other current assets	2.3	1,436,902	476,921
Total current assets		97,752,648	69,771,028
Non-current assets			
Property, plant and equipment	2.4	44,292	137,771
Deferred tax assets		1,871,352	2,850,004
Income tax assets		90,001	3,058,014
Total non-current assets		2,005,645	6,045,789
Total assets		99,758,293	75,816,817
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payables	2.5	9,165,973	9,764,690
Income taxes payable		96,460	–
Unearned revenue		11,856,891	1,311,021
Client deposit		220,000	–
Employee benefit obligations	2.6	800,153	845,813
Provisions	2.8	589,745	261,364
Other liabilities	2.7	6,003,973	3,918,934
Total current liabilities		28,733,194	16,101,821
Total liabilities		28,733,194	16,101,821
Stockholders' equity			
Common stock, US$ 0.50 par value, authorized : 40,000,000 shares; Issued and outstanding : 35,000,000		17,500,000	17,500,000
Retained earnings		53,525,098	42,214,996
Total stockholders' equity		71,025,098	59,714,996
Total liabilities and stockholders' equity		99,758,293	75,816,817

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

Statement of Income

in US$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue		147,619,878	201,734,128
Cost of revenue	2.10	121,810,785	159,968,637
Gross profit		25,809,092	41,765,491
Expenses			
Selling and marketing expenses	2.10	2,329,674	2,479,306
Administrative expenses	2.10	4,434,406	5,130,092
Total operating expenses		6,764,080	7,609,398
Operating income		19,045,013	34,156,093
Other (expenses) / income	2.11	702,124	(605,083)
Profit before income taxes		19,747,137	33,551,010
Income tax expense	2.13	8,437,034	14,794,462
Net profit for the year		11,310,102	18,756,548
Earnings per equity shares			
Earnings per equity share of $0.5 each		0.32	0.54
Equity shares used in computing earnings per equity		35,000,000	35,000,000

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

Statements of Changes in Stockholders' Equity

in US$

Particulars	Common stock		Retained earnings	Total stockholders' equity
	Shares	Amount		
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
Balance as of April 1, 2017	35,000,000	17,500,000	42,214,996	59,714,996
Changes in stockholders' equity for the year ended March 31, 2018				
Net income	–	–	11,310,102	11,310,102
Balance as of March 31, 2018	35,000,000	17,500,000	53,525,098	71,025,098

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

Statement of Cash Flows

in US$

Particulars	Years ended March 31,	
	2018	2017
Operating activities		
Net Profit	11,310,102	18,756,548
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	106,244	108,167
Income tax expense	8,437,034	14,794,462
Provisions for doubtful trade receivable	(152,383)	559,934
Interest income on loan to fellow subsidiary	(124,966)	–
PSCS, net of reversals	321,983	(308,723)
Forex gain or loss on cash and cash equivalents	(457,989)	354,019
Other adjustments		1,494
Changes in working capital		
Trade receivables	6,549,081	17,158,227
Prepayments and other assets	(956,356)	979,684
Unbilled revenue	(5,608,943)	8,449,995
Trade payables	(598,717)	(14,129,988)
Client deposits	220,000	(558,668)
Unearned revenue	10,545,869	(777,525)
Other liabilities and provisions	2,045,453	(3,936,781)
Cash generated from operations	31,636,414	41,450,844
Income taxes paid	(4,393,910)	(17,650,936)
Net cash generated from operating activities	27,242,504	23,799,908
Investing activities		
Loan to fellow subsidiaries	(8,500,000)	–
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors	(12,429)	(28,774)
Loans to employees	121,329	(11,429)
Net cash used in investing activities	(8,391,100)	(40,203)
Financing activities :		
Increase in share capital	–	–
Net cash used in financing activities	–	–
Effect of exchange rate changes on cash and cash equivalents	457,989	(354,019)
Net increase in cash and cash equivalents	18,851,404	23,759,705
Cash and cash equivalents at the beginning	39,981,209	16,575,523
Cash and cash equivalents at the end	59,290,602	39,981,209

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

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 US 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.

The Group's consolidated financial statements are authorized for issue by the Company's Board of Directors on May 4, 2018.

1.3 Use of estimates

The preparation of financial statements in conformity with US Generally Accepted Accounting Principles (US 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, 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, Customer Payments and Incentives. Consistent with the guidance in FASB ASC Topic 605-0-3, 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

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 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 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 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 ASC 740. 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, 2018, the Board of Directors identified no material uncertain income tax positions relevant to the jurisdictions where the Company is required to file income tax return.

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 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, 2018 and 2017, 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) In May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standards Update ('ASU') 2014-09, 'Revenue from Contracts with Customers' (Topic 606). The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard allows for two methods of adoption : the full retrospective adoption, which requires the standard to be applied to each prior period presented, or the modified retrospective adoption, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. For non-public entities this standard is effective for fiscal years, beginning after December 15, 2018. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

b) In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years beginning after December 15, 2019. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

c) In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging. The update expands and refines hedge accounting for both financial and nonfinancial hedging strategies to better align hedge accounting with the Companies' risk management strategies. The update also amends the presentation and disclosure requirements and changes how companies assess effectiveness of their hedges. Adoption methods will differ by type of hedge. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

d) In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. For non-public entities the new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The adoption of ASU No. 2016-13 is not expected to have a material effect on the Company's financial statements.

e) In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a Statement of Cash Flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018 should be applied using a retrospective transition method to each period presented. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

f) In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows - Restricted Cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a Statement of Cash Flows under Topic 230. The amendments in this update require that a Statement of Cash Flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted with an adjustment reflected as of the beginning of the fiscal year in which the amendment is adopted. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its Statement of Cash Flows.

g) In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350), which eliminates Step 2 from the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. For non-public entities the update is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017 and should be applied prospectively. The Company does not have any impact on the financial statements upon adoption of the update.

h) In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income and this update provides an option for entities to reclassify standard tax effects caused by the newly-enacted Tax Cuts and Jobs Act, or Tax Reform Act, from accumulated other comprehensive income to retained earnings. Upon adoption, entities have the option to apply the update retrospectively or in the period of adoption. Early adoption of this update is permitted. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

i) In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes that requires companies to classify all deferred tax assets and liabilities as non-current on the Balance Sheet rather than separately disclosing deferred taxes as current and non-current. This standard is effective for us for annual periods beginning after December 15, 2017 and can be early adopted and applied either prospectively or retrospectively to all periods presented upon adoption. The Company has elected to early adopt the new guidance from the current year on a retrospective basis.

2.1 Cash and cash equivalent

Cash and cash equivalents are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Cash and bank balances	59,290,602	39,981,209
	59,290,602	39,981,209

The details of cash and cash equivalents are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Currents Accounts		
Bank of America	35,183,567	28,068,098
Royal Bank of Canada	24,107,035	11,913,111
Total	59,290,602	39,981,209

2.2 Trade accounts receivables

Accounts receivable as at March 31, 2018 is US$ 14,887,404 (previous year - US$ 21,158,978), net of allowances recorded of US$ 374,398 (previous year - US$ 648,252). 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 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Accounts receivable, gross*	15,261,802	21,807,230
Less: Allowance for doubtful debts	374,398	648,252
	14,887,404	21,158,978

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

2.3 Prepayments and other assets

Prepayments and other assets are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Loans and advances to employees	96,761	218,090
Accrued Interest on loan to Fellow Subsidiaries	124,966	
Prepaid expenses	62,839	55,198
Advance payments to vendors for supply of goods and services	41,243	86,520
Withholding taxes	295,933	95,987
Other receivables from related party (Refer Note 2.14)	806,279	17,703
Other assets	8,882	3,423
	1,436,902	476,921

2.4 Property, plant and equipment

Plant and equipment are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Computer equipment	547,109	536,017
plant and machinery	10,053	10,053
Office equipment	37,701	37,701
Furniture and fixtures	174,363	174,363
	769,226	758,134
Accumulated depreciation	724,934	620,363
Carrying value	44,292	137,771

The depreciation expense amounted to US$ 106,244 and US$ 108,167 for year ended March 31, 2018 and March 31, 2017, which has been included in cost of revenues.

2.5 Trade accounts payables

Trade accounts payable are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Due to related parties (Refer to Note 2.14)	8,545,840	9,675,296
Other accounts payable	620,133	89,394
	9,165,973	9,764,690

2.6 Employee benefit obligation

Employee benefit obligation are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Provision for compensated absences	800,153	845,813
	800,153	845,813

2.7 Other liabilities

Other liabilities are comprised as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Accrued compensation to employees	1,800,460	1,284,033
Accrued expenses	1,363,766	2,138,145
Withholding taxes payable	400,505	326,263
Retention money	88,483	88,483
Payable to related parties	2,346,301	63,175
Others	4,458	18,834
	6,003,973	3,918,934

- Accrued expenses primarily consists of cost of technical sub-contractors US$ 879,385 (previous year - 1,480,210), legal and professional charges US$ 144,378 (previous year 433,365) and others US$ 340,003 (previous year 224,568).
- Accrued compensation to employees consists of salary payable US$ 388,413 (previous year - US$ 319,850) and bonus and incentives payable US$ 1,412,047 (previous year - US$ 964,183).

2.8 Provisions

Other liabilities consists of the following:

in US$

Particulars	As at March 31,	
	2018	2017
Provision for post-sales customer support	589,745	261,364
	589,745	261,364

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

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	261,364	563,834
Provision	328,381	–
Provision utilized	–	–
Reversal	–	302,470
Balance at the end	589,745	261,364

2.9 Financial instruments

The carrying value of financial instruments is as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.1)	59,290,602	39,981,209
Trade accounts receivables (Refer to Note 2.2)	14,887,404	21,158,978
Unbilled revenue	13,637,740	8,153,920
Loans to employees (Refer to Note 2.3)	96,761	218,090
Loan to fellow subsidiaries (Refer to Note 2.3)	8,500,000	–
Accrued interest on loan to fellow subsidiaries (Refer to Note 2.3)	124,966	–
Prepayments and other assets (Refer to Note 2.3)	815,161	21,126
Total	97,352,634	69,533,323

Particulars	As at March 31,	
	2018	2017
Liabilities		
Trade accounts payables	9,165,973	9,764,690
Client deposit	220,000	–
Employee benefit obligation (Refer to Note 2.6)	800,153	845,813
Accrued expenses (Refer to Note 2.7)	1,363,766	2,138,145
Retention money (Refer to Note 2.7)	88,483	88,483
Accrued compensation to staff (Refer to Note 2.7)	1,800,460	1,284,033
Other financial liabilities (Refer note 2.7)	2,350,759	82,009
Total	15,789,594	14,203,173

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

2.10 Operating expenses

Break up of expenses by nature is as follows:

in US$

Particulars	Years ended March 31,	
	2018	2017
Employee benefit costs	18,224,883	21,745,640
Depreciation	106,244	108,167
Travelling costs	1,227,693	1,390,732
Consultancy and professional charges	989,838	930,534
Software packages for own use	795	815,957
Cost of technical sub-contractors	5,586,416	4,036,683
Cost of technical sub-contractors - related parties (Refer to Note 2.14)	101,320,619	137,328,090
Rates and taxes	72,970	155,760
Branding and marketing expenses	114,249	156,831
Provision / (reversal) for post-sales client support	321,983	(308,723)
(Reversal) / provision for doubtful account receivables	(152,383)	559,934
Rent	391,262	299,036
Commission to Non-Executive Director (Refer to Note 2.14)	41,667	100,000
Others	328,629	259,394
Total	128,574,865	167,578,034

Cost of revenue

in US$

Particulars	Years ended March 31,	
	2018	2017
Employee benefit costs	13,349,371	16,954,959
Depreciation	106,244	108,167
Travelling costs	963,165	995,379
Software packages for own use	795	815,957
Cost of technical sub-contractors	5,586,416	4,036,683
Cost of technical sub-contractors - related parties (Refer to Note 2.14)	101,320,619	137,328,090
Provision/(reversal) for post-sales client support	321,983	(308,723)
Rent	92,306	9,234
Others	69,886	28,891
Total	121,810,785	159,968,637

Selling and marketing expenses

in US$

Particulars	Years ended March 31,	
	2018	2017
Employee benefit costs	2,009,808	1,970,502
Travelling costs	167,689	295,515
Consultancy and professional charges	27,524	28,274
Branding and marketing expenses	114,249	156,831
Rent	–	16,475
Others	10,404	11,709
Total	2,329,674	2,479,306

Administrative expenses

in US$

Particulars	Years ended March 31,	
	2018	2017
Employee benefit costs	2,865,704	2,820,179
Travelling costs	96,839	99,838
Consultancy and professional charges	962,314	902,260
Rates and taxes	72,970	155,760
Provision for doubtful account receivables	(152,383)	559,934
Rent	298,956	273,327
Commission to Non-Executive Director (Refer to Note 2.14)	41,667	100,000
Others	248,339	218,794
Total	4,434,406	5,130,092

2.11 Other income

Other income / (expense) are as follows :

in US$

Particulars	Years ended March 31,	
	2018	2017
Interest Income	124,966	–
Exchange gains / (losses)	571,963	(609,762)
Others	5,196	4,679
	702,124	(605,083)

2.12 Operating leases

Total rental expenses under operating leases was US$ 391,262 and US$ 299,036 during the year ended March 31, 2018 and March 31, 2017, 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,	
	2018	2017
Within one year of the Balance Sheet date	366,468	269,027
Due in a period between one year and five years	158,089	407,820
Due after five years	–	–

2.13 Income taxes

Income tax expense comprises :

in US$

Particulars	Years ended March 31,	
	2018	2017
Current tax	7,458,382	14,415,625
Deferred tax	978,652	378,837
Income tax expense	8,437,034	14,794,462

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	Years ended March 31,	
	2018	2017
Profit before incomes taxes	19,747,137	33,551,010
Enacted tax rate	32%	35%
Computed expected tax expense	6,230,222	11,742,853
State taxes	1,528,045	2,348,571
Overseas taxes	143,848	123,432
Disallowed Items - meals and entertainment	63,618	50,220
Change in tax rate	914,922	–
Tax pertaining to prior year	(442,804)	490,428
Others	(818)	38,958
Income tax expense	8,437,034	14,794,462

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets as at March 31, are as follows:

Deferred tax assets

in US$

Particulars	As at March 31,	
	2018	2017
Plant and equipment	400,343	1,088,706
Compensated absences	232,044	355,241
Accrued compensation	410,096	405,383
Provision for post-sales customer support	171,026	109,773
Accounts receivables	218,351	379,470
Others	439,492	511,431
Total deferred income tax assets	1,871,352	2,850,004

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. 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, 2018. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.14 Related party transactions

(a) The Company has identified the following to be related parties.

Key management personnel

Prof. Jeffrey S. Lehman (Non-Executive Director) - Date of resignation is August 24, 2017.

Eric Paternoster (Whole-time Director and CEO)

Other companies within the group with which there were transactions

Infosys Limited ('IL' - holding company)

Infosys BPM Ltd. ('IBPM' - fellow subsidiary)

Infosys Technologies (China) Co. Ltd. ('IC'- fellow subsidiary)

Infosys Technologies (Shanghai) Co. Ltd. ('Infosys Shanghai'- fellow subsidiary)

Edgeverve Systems Limited ('EV' - fellow subsidiary)

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

Panaya Inc. ('Panaya' - fellow subsidiary)

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

Infosys Middle East FZ LLC('CMA' - fellow subsidiary)

Brilliant Basics Holdings ('BB' - fellow subsidiary)

Infosys BPO Americas LLC ('BPO Americas' - fellow subsidiary)

Infosys McCamish Systems LLC ('McCamish Systems' - fellow subsidiary)

Infosys Technologies (Shanghai) Co. Ltd. ('Infosys Shanghai' - fellow subsidiary)

(b) The details of amounts due to or due from as at March 31, 2018 and March 31, 2017 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Trade accounts receivables		
IL	263,204	418,351
	263,204	418,351
Trade accounts payables		
IL	8,158,828	9,444,936
IBPM	286,956	183,241
Noah	–	22,662
EV	75,069	11,128
IC	14,032	13,328
Infosys Shanghai	10,955	–
	8,545,840	9,675,295
Other receivables		
Panaya	13,034	11,807
Lodestone	–	–
IL	806,279	17,703
	819,313	29,510
Other payables		
EV	485,655	15,886
IL	963,792	47,289
McCamish System	896,854	–
	2,346,301	63,175
Loan to fellow subsidiaries		
McCamish Systems	5,500,000	–
BB	1,000,000	–
BPO Americas	500,000	–
CMA	1,500,000	–
	8,500,000	–
Accrued interest on loan to fellow subsidiaries		
McCamish Systems	112,637	–
BB	4,247	–
BPO Americas	1,096	–
CMA	6,986	–
	124,966	–

(c) The details of the related party transactions entered into by the Company for the year ended March 31, 2018 and March 31, 2017 are as follows:

in US$

Particulars	Years ended March 31,	
	2018	2017
Revenue transactions:		
Sale of services		
IL	3,478,958	3,328,669
EV	–	370,049
	3,478,958	3,698,719
Purchase of services		
IL	97,396,745	133,182,395
IBPO	2,678,780	3,045,840
EV	761,910	576,011
Noah	148,778	265,294
Panaya	37,873	23,613
IC	187,702	234,937
Infosys Shanghai	108,830	–
	101,320,618	137,328,090

The compensation given to key managerial personnel which comprise directors are as follows:

in US$

Particulars	Years ended March 31,	
	2018	2017
Commission and other benefits to non-executive/ independent directors	41,667	100,000
Salary paid to WTD and CEO	913,441	1,133,005
Total	955,108	1,233,005

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, 2018 up through April 15, 2018, 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.

INFOSYS TECHNOLOGIES(CHINA) CO. LIMITED

Auditors' Report

De Shi Bao (Shen) Zi (18) No. P02624

The Board of Directors of Infosys Technologies (China) Co. Limited

1. Opinion

We have audited the accompanying financial statements of Infosys Technologies (China) Co. Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2017, the Income Statement, the Cash Flow Statement, and the Statement of Changes in Owners' Equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company is prepared and presented fairly, in all material respects, the Company's financial position as of December 31, 2017, and the Company's results of operation and cash flow for the year ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for opinion

We conducted our audit in accordance with China Standards on Auditing. 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 code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

3. Responsibilities of the Management and those charged with governance for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

4. 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 solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also :

(1) 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.

(2) 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 internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) 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.

(5) 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 communicated 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.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese Certified Public Accountant

April 4, 2018

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Statement of Balance Sheet

in RMB

Particulars	Notes VII	As at December 31,	
		2017	2016
ASSETS			
Current assets			
Cash and bank balances	1	96,705,984.42	59,009,387.84
Accounts receivable	2	263,661,629.54	370,482,593.73
Prepayments		2,294,383.02	340,299.83
Interest receivable		1,490,958.91	–
Other receivables	3	69,031,286.61	22,174,136.36
Total current assets		433,184,242.50	452,006,417.76
Non-current assets			
Fixed assets	4	11,137,530.30	14,666,714.99
Long-term deferred expenses	5	1,594,897.51	1,578,695.82
Total non-current assets		12,732,427.81	16,245,410.81
Total assets		445,916,670.31	468,251,828.57
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	6	69,915,940.00	74,225,900.00
Accounts payable		95,399,302.85	52,355,005.41
Employee benefits payable	7	39,559,844.50	72,513,017.44
Taxes payable	8	2,085,005.03	4,113,020.73
Interest payable		7,440,305.55	3,525,896.53
Other payables		24,214,920.66	49,640,726.93
Other current liabilities		54,193,884.20	82,895,068.80
Total current liabilities		292,809,202.79	339,268,635.84
Total liabilities		292,809,202.79	339,268,635.84
Owners' equity			
Paid-in capital	9	398,980,400.00	295,636,400.00
Capital reserve	10	51,575,614.42	51,575,614.42
Accumulated losses		(297,448,546.90)	(218,228,821.69)
Total owners' equity		153,107,467.52	128,983,192.73
Total liabilities and owners' equity		445,916,670.31	468,251,828.57

The accompanying notes form part of the financial statements.

The financial statements on page 90 to 108 were signed by the following.

Head of the Company *Chief Financial Officer* *Head of Accounting*

Statement of Income

in RMB

Particulars	Notes VII	Year ended December 31,	
		2017	2016
I. Operating income	11	953,645,129.10	1,066,322,836.77
Less: Operating costs		916,186,083.93	969,542,338.56
Taxes and surcharges		1,463,750.63	1,868,322.68
Selling expenses		25,654,275.46	31,986,332.62
Administrative expenses		90,096,488.02	131,963,432.05
Financial expenses	12	525,119.18	8,191,441.97
Impairment losses (reversal)	13	10,975,748.44	(1,620,965.73)
II. Operating loss	16	(91,256,336.56)	(75,608,065.38)
Add: Non-operating income	14	12,036,611.35	15,298,927.45
Loss before taxation		(79,219,725.21)	(60,309,137.93)
III. Less: Income tax expense	15	–	–
IV. Net loss for the year		(79,219,725.21)	(60,309,137.93)
V. Other comprehensive loss, net of tax		–	–
VI. Total comprehensive loss for the year		(79,219,725.21)	(60,309,137.93)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

in RMB

Particulars	Notes VII	Year ended December 31,	
		2017	2016
I.Cash flows from operating activities			
Proceeds from rendering of services		1,086,495,678.88	991,520,305.89
Refund of taxes		862,700.74	3,060,324.36
Proceeds from other operating activities		20,715,009.89	9,732,279.08
Sub-total of cash inflows		1,108,073,389.51	1,004,312,909.33
Payment for services		268,137,318.61	98,666,877.07
Payment to and for employees		711,460,757.61	927,897,031.85
Payment of various taxes		32,832,454.52	32,821,902.04
Payment for other operating activities		101,422,434.10	73,646,198.91
Sub-total of cash outflows		1,113,852,964.84	1,133,032,009.87
Net cash outflow from operating activities	17	(5,779,575.33)	(128,719,100.54)
II.Cash flows from investing activities			
Payment for acquisition of fixed assets and other long-term deferred expenses		6,412,102.27	9,808,703.31
Payment for Loan to related parties		50,000,000.00	–
Sub-total of cash outflows		56,412,102.27	9,808,703.31
Net cash outflow from investing activities		(56,412,102.27)	(9,808,703.31)
III. Cash flows from financing activities			
Proceeds from investors		103,344,000.00	65,656,000.00
Proceeds from borrowings		–	74,225,900.00
Sub-total of cash inflows		103,344,000.00	139,881,900.00
Net cash inflow from financing activities		103,344,000.00	139,881,900.00
IV. Effect of exchange rate changes		(3,455,725.82)	–
V. Net increase in cash and cash equivalents	17	37,696,596.58	1,354,096.15
Add: Cash and cash equivalents at the beginning of the year		59,009,387.84	57,655,291.69
VI. Cash and cash equivalents at the end of the year	17	96,705,984.42	59,009,387.84

The accompanying notes form part of the financial statements.

Statement of Changes in Owners' Equity

in RMB

Particulars	Paid-in capital	Capital reserve	Accumulated losses	Total owners' equity
I. Balance at January 1, 2017	295,636,400.00	51,575,614.42	(218,228,821.69)	128,983,192.73
II. Changes in equity during the year				
1. Total comprehensive income	–	–	(79,219,725.21)	(79,219,725.21)
2. Owners' contributions	103,344,000.00	–	–	103,344,000.00
Balance at December 31, 2017	398,980,400.00	51,575,614.42	(297,448,546.90)	153,107,467.52
I.Balance at January 1, 2016	229,980,400.00	51,575,614.42	(157,919,683.76)	123,636,330.66
II.Changes in equity during the year				
1. Total comprehensive income	–	–	(60,309,137.93)	(60,309,137.93)
2. Owners' contributions	65,656,000.00	–	–	65,656,000.00
Balance at December 31, 2016	295,636,400.00	51,575,614.42	(218,228,821.69)	128,983,192.73

The accompanying notes form part of the financial statements.

Notes to the financial statements

I. Basic information

Infosys Technologies (China) Co. Limited (the 'Company'), formerly known as Infosys Technologies (Shanghai) Co. 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) Co. Limited to Infosys Technologies (China) Co. Limited and to increase the Company's registered capital 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 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 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 and produce software; sell 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.

II. Basis for the preparation of financial statements

Going concern

The Management has asscessed the Company's ability to continue as a going concern for the 12 months commercing December 31, 2017, and noticed no items will raise substantial doubt about its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

III. Statements of compliance with the ASBE

The financial statements have been prepared on the going concern basis.

IV. Significant accounting policies and accounting estimates

The following significant accounting policies and accounting estimates have been determined in accordance with ASBE.

1. Accounting year

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

2. Functional currency

Renminbi Yuan (RMB) is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is RMB.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and / or disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (including a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

5.2 Classification,recognition and measurement of financial assets

On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Company's financial assets mainly represent loans and receivables, available-for-sale financial assets.

Financial assets at fair value through profit or loss include financial assets held for trading and those designated as at fair value through profit or loss.

The financial assets held by the Company are mainly classified to loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include accounts receivable.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

5.3 Impairment of financial assets

The Company assesses at each Balance Sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events :

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
3. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
4. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
5. The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
6. Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes
   - Adverse changes in the payment status of borrowers in the group;
   - Economic conditions in the country or region of the borrower which may lead to a failure to pay the company of assets;
7. Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
8. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
9. Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

5.4 Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Company are classified in accordance with the economic substance of the contractual arrangements instead of the legal form as well as the definitions of a financial liability and an equity instrument; on initial recognition, financial instruments or their component parts are classified as either financial liabilities or equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company's financial liabilities mainly represent other financial liabilities.

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

The financial liabilities held by the Company mainly include other financial liabilities.

Other financial liabilities

Other financial liabilities, except liabilities of financial guarantee contracts, are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

5.5 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability or part of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

5.6 Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the Balance Sheet. Otherwise, financial assets and financial liabilities are separately presented on the Balance Sheet without offsetting.

6. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Company and the subsequent expenditures can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method from the month subsequent to the one in which it is ready for intended use. The depreciation method, useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows :

Category	Estimated useful life	Residual value rate	Annual depreciation rate
Computer equipment	3-5 years	0%	20-33%
Office equipment	5 years	0%	20%
Transportation vehicles	5 years	0%	20%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

7. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

8. Long-term deferred expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

Long-term deferred expenses include leasehold improvement, which are amortized on the straight-line method over their beneficial period of 2 years.

9. Impairment of non-financial assets

The Company reviews the fixed assets, construction in progress and other long-term assets at each Balance Sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

10. Employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Company. Staff welfare expenses incurred by the Company are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Company's contributions for employees' social security, such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

During the accounting period of rendering service to employees of the Company, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Company cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Company recognizes any related restructuring costs or expenses.

11. Revenue recognition

Revenue is recognized when the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the enterprise; the stage of completion of the transaction can be determined reliably; and the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognized using the percentage of completion method at the Balance Sheet date. The stage of completion of a transaction for rendering for services is determined based on work performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

12. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Company at no consideration. A government grant is recognized only when the Company can comply with the conditions attaching to the grant and the Company will receive 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.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income over the periods in which the related costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss.

A government grant related to the Company's daily activities is recognized in other income or written off related cost and expense based on the nature of economic activities; a government grant is not related to the Company's daily activities is recognized in non-operating income and expenses.

13. Income taxes

Tax expense comprises current tax expense.

13.1.Current income taxes

At the Balance Sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

13.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the Balance Sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the Balance Sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in owners' equity, in which case they are recognized in other comprehensive income or in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the Balance Sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

13.3. Income tax offsetting

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

14. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the Balance Sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the Balance Sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the Balance Sheet date and those on initial recognition or at the previous Balance Sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items, are recognized as other comprehensive income and included in capital reserve.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in Profit and Loss or as Other Comprehensive Income.

15. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

15.1 The Company as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

V. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the Company's accounting policies, which are described in Note IV, the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgements, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

The following are the key assumptions and uncertainties in accounting estimates at the Balance Sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

Deferred tax assets

The Management of the Company considers that it is uncertain for the Company to obtain enough income tax payable in the future, so the Company did not recognize RMB 225,217,980.12 of deductible losses as deferred tax assets at the end of this year according to Note VII. 15.

Impairment of receivables

According to Note IV. 5, the Company will examine the book value of receivables at each Balance Sheet date to recognize impairment loss when it is higher than the expected cash flow which is recognized by applying judgment and estimate.

Useful life and expected residual value of fixed assets

According to Note IV. 6, the Company reviews the useful life and expected residual value of fixed assets at the end of each year at least. The useful life and expected residual value of fixed assets are estimated based on historical experience in actual useful life and residual value of fixed assets with similar nature and function and may be changed significantly due to technical renovation. The Company will change accounting estimate when the expected useful life and expected net residual value of fixed assets are different from the previous ones.

VI. Taxation

Value-added tax

Value-added tax ('VAT') on sales is calculated at 6% on revenue of redering serivices according to the relevant requirements of tax laws and paid after deducting input VAT on purchases.

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

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 2016: 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, 2017. Therefore, no income tax is provided.

Other taxes

- Urban maintenance and construction tax is levied at 1% of the paid-in turnover tax.
- Educational surcharge is levied at 3% of the paid-in turnover tax.
- Local educational tax is levied at 2% of the paid-in turnover tax.
- River management charges are levied at 1% of the paid-in turnover tax.

VII. Notes to the financial statements

1. Cash and bank balances

in RMB

Particulars	As at December 31,	
	2017	2016
Deposits with banks	96,705,984.42	59,009,387.84

2. Accounts receivable

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

in RMB

Particulars	As at December 31,	
	2017	2016
Amounts due from related parties	17,281,358.02	13,103,983.97
Amounts due from other customers	267,941,594.33	368,416,395.70
Sub-total	285,222,952.35	381,520,379.67
Less: Provision for bad and doubtful debts	(21,561,322.81)	(11,037,785.94)
Total	263,661,629.54	370,482,593.73

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

in RMB

Particulars	As at December 31,							
	2017				2016			
Ageing	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1 year	276,668,111.64	97.00	13,006,482.10	263,661,629.54	377,137,242.82	98.85	6,654,649.09	370,482,593.73
1 to 2 years	4,171,703.86	1.46	4,171,703.86	–	2,591,653.17	0.68	2,591,653.17	0.00
Over 2 years	4,383,136.85	1.54	4,383,136.85	–	1,791,483.68	0.47	1,791,483.68	0.00
Total	285,222,952.35	100.00	21,561,322.81	263,661,629.54	381,520,379.67	100.00	11,037,785.94	370,482,593.73

(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,	
	2017	2016
Balance at the beginning of the year	11,037,785.94	12,302,212.30
Provision during the year	10,975,748.44	–
Reversals during the year	–	(1,620,965.73)
Written-off during the year	452,211.57	–
Recovery of the written-off bad debts during the year	–	356,539.37
Balance at the end of the year	21,561,322.81	11,037,785.94

3. Other receivables

The ageing analysis of other receivables is as follows:

in RMB

Particulars	As at December 31,							
	2017				2016			
Ageing	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1 year	60,940,042.65	88.28	–	60,940,042.65	17,446,147.05	78.68	–	14,446,147.05
1 to 2 years	690,300.00	1.00	–	690,300.00	212,624.60	0.96	–	3,212,624.60
2-3 years	3,000,000.00	4.35	–	3,000,000.00	–	–	–	–
Over 3 years	4,400,943.96	6.38	–	4,400,943.96	4,515,364.71	20.36	–	4,515,364.71
Total	69,031,286.61	100.00	–	69,031,286.61	22,174,136.36	100.00	–	22,174,136.36

Note:

Other receivables due within 1 year include RMB 50,000,000.00 loan to Infosys Technologies (Shanghai) Co. Limited in 2017. As at the Balance Sheet date, RMB 1,490,958.91 of interest income has been recognized. For more details, please refer to Notes VIII. (3) (b).

Other receivables due over 3 years are lease deposits.

4. Fixed assets

in RMB

Particulars	Electronic equipment	Office equipment	Transportation vehicles	Total
Cost				
January 1, 2016	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)
December 31, 2016	96,781,102.39	57,825,529.57	248,000.00	154,854,631.96
Additions during the year	2,697,254.88	1,343,402.51	–	4,040,657.39
Disposals during the year	(2,667,220.38)	(8,014,577.70)	–	(10,681,798.08)
Balance at December 31, 2017	96,811,136.89	51,154,354.38	248,000.00	148,213,491.27
Accumulated depreciation				
January 1, 2016	(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
December 31, 2016	(85,115,606.12)	(54,898,710.85)	(173,600.00)	(140,187,916.97)
Charge for the year	(5,467,053.82)	(1,552,896.50)	(49,600.00)	(7,069,550.32)
Written-off on disposals	2,446,389.67	7,735,116.65	–	10,181,506.32
Balance at December 31, 2017	(88,136,270.27)	(48,716,490.70)	(223,200.00)	(137,075,960.97)
Carrying amounts				
At December 31, 2017	8,674,866.62	2,437,863.68	24,800.00	11,137,530.30
At December 31, 2016	11,665,496.27	2,926,818.72	74,400.00	14,666,714.99

5. Long-term deferred expenses

in RMB

Particulars	As at December 31,	
	2017	2016
Leasehold improvement	1,594,897.51	1,578,695.82

6. Short-term loans

in RMB

Particulars	As at December 31,	
	2017	2016
Unsecured loans	69,915,940.00	74,225,900.00

Short-term loans include a loan from Infosys Limited for the purposes of business operation. The principal of the loan is US$ 10,000,000.00 (equivalent to RMB 65,342,000.00), bearing interest per annum at 6%. The term of loan was 1 year. The loan was subsequently extended to February 2019.

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 4,573,940.00), bearing interest per annum at 6% will become due in December 2018.

7. Employee benefits payable

in RMB

Items	Opening balance as at January 1, 2017	Provision for the year	Payment in the year	Closing balance as at December 31, 2017
Wages or salaries, bonus, allowances, subsidies	72,513,017.44	525,458,606.20	(558,411,779.14)	39,559,844.50
Social security contributions	–	40,497,108.41	(40,497,108.41)	-
Including: Premiums or contributions on medical insurance	–	33,839,678.89	(33,839,678.89)	–
Unemployment insurance	–	2,199,248.92	(2,199,248.92)	–
Maternity and work injury insurance	–	4,458,180.60	(4,458,180.60)	–
Defined contribution plans [1].	–	63,810,587.56	(63,810,587.56)	–
Housing funds	–	31,908,993.91	(31,908,993.91)	–
Total	72,513,017.44	661,675,296.08	(694,628,469.02)	39,559,844.50

[1] Defined contribution plans

The Company participates in basic pension insurance plan established by government in accordance with the relevant requirements. According to the plan, the Company makes a monthly contribution equivalent to the ratio of 20%, 14% and 18%, in Shanghai, Hangzhou and Dalian, respectively, of the employee's monthly basic wage based on last year's salary. The Company no longer undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occur.

8. Taxes payable

in RMB

Category	As at December 31,	
	2017	2016
Value-added tax	–	(1,023,309.41)
Individual income tax	2,085,005.03	5,136,330.14
Total	2,085,005.03	4,113,020.73

9. Paid-in capital

The registered capital of the Company is US$ 58,000,000.00 which has been in place as at December 31, 2017. The contribution by the investor according to the Articles of Association is as follows:

Particulars	December 31,					
	2017			2016		
	US$	Ratio	Equivalent to	US$	Ratio	Equivalent to
		%	RMB		%	RMB
Infosys Limited	58,000,000.00	100.00	398,980,400.00	43,000,000.00	100.00	295,636,400.00

10. Capital reserve

Capital reserve represents accounts payable that was waived by the Company and Infosys companies.

11.Operating income

in RMB

Particulars	Year ended December 31,	
	2017	2016
Operating income from principal activities		
Rendering of services	953,645,129.10	1,066,322,836.77
Total	953,645,129.10	1,066,322,836.77

12. Financial expenses

in RMB

Particulars	Year ended December 31,	
	2017	2016
Interest expenses from loans	3,954,096.01	3,525,896.53
Interest income from deposits	(2,535,055.66)	(647,810.62)
Net exchange (gains) / losses	(893,921.17)	5,313,356.06
Total	525,119.18	8,191,441.97

13. Impairment losses (reversal)

in RMB

Particulars	Year ended December 31,	
	2017	2016
Bad debt losses	10,975,748.44	(1,620,965.73)

14. Non-operating income

in RMB

Particulars	Year ended December 31,	
	2017	2016
Government grants (Refer to Note 1)	12,036,611.35	12,743,510.55
Others	–	2,555,416.90
Total	12,036,611.35	15,298,927.45

Note 1 Government grants

in RMB

Particulars	Year ended December 31,	
	2017	2016
Business tax and surcharge refund	–	2,311,000.00
Income tax service charges refund	862,700.74	–
Government grant for training	7,763,754.00	6,148,200.00
Subsidy on import and export contract	2,590,000.00	1,890,000.00
Subsidy on job stabilization	641,656.61	1,644,986.19
Others	178,500.00	749,324.36
Total	12,036,611.35	12,743,510.55

15. Income tax expense

in RMB

Particulars	Year ended December 31,	
	2017	2016
Income tax expenses for the current period	–	–
Deferred income tax expenses	–	–
Total	–	–

No provision for income tax has been made as the Company had a tax loss for the year.

As described in Note V, the Management is uncertain that there will be sufficient taxable profit in future periods, so the deferred tax assets related to the accumulated deductible losses as at December 31, 2017 amounting to RMB 225,217,980.12 is not recognized. Among the accumulated deductible losses, RMB 45,401,665.81, RMB17,397,287.70, RMB 41,463,934.32, RMB 54,149,412.24 and RMB 66,805,680.05 will expire in 2018, 2019, 2020, 2021 and 2022, respectively.

Reconciliation of income tax expenses to the accounting profit is as follows:

in RMB

Particulars	2017	2016
Accounting losses	(79,219,725.21)	(60,309,137.93)
Income tax benefit calculated at rate of 15%	(11,882,958.78)	(9,046,370.69)
Tax effect of non-deductible expenses	215,744.51	157,360.99
Unused deductible loss	10,020,852.01	6,252,422.13
Temporary differences for deferred tax assets not recognized	1,646,362.26	2,636,587.57
Income tax expense	–	–

16. Supplement to Income Statement

Expenses in the Income Statement are analyzed by their nature:

in RMB

Particulars	Year ended December 31,	
	2017	2016
Operating income	953,645,129.10	1,066,322,836.77
Less: Employee benefits expenses	(661,675,296.08)	(930,675,739.23)
Depreciation and amortization expenses	(8,836,019.19)	(8,639,583.33)
Rental payments	(19,078,039.45)	(44,225,578.12)
Financial expense	(525,119.18)	(8,191,441.97)
Other expenses	(354,786,991.76)	(150,198,559.50)
Operating loss	(91,256,336.56)	(75,608,065.38)

17. Supplement to Cash Flow Statement

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

in RMB

Particulars	Year ended December 31,	
	2017	2016
Net loss	(79,219,725.21)	(60,309,137.93)
Add: Accrued / (reversal) impairment provisions against bad debt	10,975,748.44	(1,620,965.73)
Depreciation of fixed assets	7,069,550.32	7,401,541.01
Amortization of long-term deferred expenses	1,766,468.87	1,238,042.32
Financial expenses	1,569,215.93	3,525,896.53
Losses on disposal of fixed assets	500,291.76	4,398.20
Decrease (increase) in operating receivables	97,615,549.43	(112,284,967.51)
(Decrease) increase in operating payables	(46,056,674.87)	33,326,092.57
Net cash outflow from operating activities	(5,779,575.33)	(128,719,100.54)

(2) Change in cash and cash equivalents

in RMB

Particulars	2017	2016
Cash and cash equivalents at the end of the year	96,705,984.42	59,009,387.84
Less: Cash and cash equivalents at the beginning of the year	59,009,387.84	57,655,291.69
Net increase in cash and cash equivalents	37,696,596.58	1,354,096.15

VIII. Related party relationships and transactions

(1) Related parties where a control relationship exists

Name of the Company	Registered address	Nature of business	Registered capital	Ratio	Voting ratio
Infosys Limited	India	Rendering of information technical consultation service and management consultation	₹11.48 billion	100%	100%

(2) Related parties where a control relationship does not exist

Name	Relationship with the Company
Infosys Limited	Parent company
Infosys Poland Sp. z o.o.	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 Inc	Controlled by the same parent company
Infosys Consulting GmbH	Controlled by the same parent company
Panaya Ltd	Controlled by the same parent company
Lodestone Management Consultants (China) Co. Ltd	Controlled by the same parent company
Infosys Technologies (Shanghai) Co. Limited	Controlled by the same parent company

(3) Significant transactions between the Company and the related parties in current year

(a) Sales and purchase

Sales and purchases between the Company and its related parties are as follows:

in RMB

Particulars	Year December 31,	
	2017	2016
Sales		
Infosys Limited	100,744,974.04	119,616,238.27
Infosys Technologies (Shanghai) Co. Limited	11,290,211.03	1,855,109.87
Infosys Public Services Inc	1,245,074.16	1,767,792.13
	113,280,259.23	123,239,140.27
Purchases		
Infosys Technologies (Shanghai) Co. Limited	210,163,454.14	–
Infosys Limited	21,197,984.22	12,739,625.93
Panaya Ltd	2,228,815.62	–
EdgeVerve Systems Limited	2,027,299.08	1,661,204.00
Infosys Consulting AG	945,882.27	963,399.00
Lodestone Management Consultants (China) Co. Ltd	725,597.26	550,119.00
Infosys Consulting GmbH	163,121.05	–
Infosys BPM Limited	123,377.31	270,048.00
	237,575,530.95	16,184,395.93

(b) Loans and borrowings

Loans and borrowings between the Company and related parties are as follows:

in RMB

Particulars	Incurred amount in 2017	As at December 31, 2017	Incurred amount in 2016	As at December 31, 2016	Annual interest rate
Borrowings from					
Infosys Limited	–	65,342,000.00	69,370,000.00	69,370,000.00	6.00%
Infosys Poland Sp. z o.o.	–	4,573,940.00	4,855,900.00	4,855,900.00	6.00%
	–	69,915,940.00	74,225,900.00	74,225,900.00	
Loans to					
Infosys Technologies (Shanghai) Co. Limited	50,000,000.00	50,000,000.00	–	–	6.00%
	50,000,000.00	50,000,000.00	–	–	

Note: The Company lent RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2017 in total bearing interest at 6% per annum. RMB 15,000,000.00 and RMB 35,000,000.00 will be due in May and July 2018 respectively. Both borrowings have been extended by one year to 2019, subsequently..

in RMB

Particulars	Year ended December 31,	
	2017	2016
Interest expenses		
Infosys Limited	3,747,955.47	3,525,896.53
Infosys Poland Sp. z o.o.	206,140.54	–
	3,954,096.01	3,525,896.53
Interest income		
Infosys Technologies (Shanghai) Co. Limited	1,490,958.91	–

(c) Amounts due to / from related companies

in RMB

Accounts	Name of the related parties	2017	2016
Accounts receivable	Infosys Technologies (Shanghai) Co. Limited	9,860,888.79	2,170,122.40
	Infosys Limited	7,366,854.21	10,712,727.12
	Infosys Public Services Inc	53,615.02	221,134.45
		17,281,358.02	13,103,983.97
Accounts payable	Infosys Technologies (Shanghai) Co. Limited	59,090,477.70	–
	Infosys Limited	22,519,227.93	40,933,442.01
	EdgeVerve Systems Limited	3,566,513.20	1,661,204.00
	Panaya Ltd	2,228,815.62	–
	Infosys Consulting AG	945,882.27	963,398.61
	Lodestone Management Consultants (China) Co. Ltd	504,048.37	294,503.76
	Infosys BPM Limited	393,425.60	278,358.64
	Infosys Consulting GmbH	163,121.05	–
		89,411,511.74	44,130,907.02
Interest payable	Infosys Limited	7,234,165.01	3,525,896.53
	Infosys Poland Sp. z o.o.	206,140.54	–
		7,440,305.55	3,525,896.53
Interest receivable	Infosys Technologies (Shanghai) Co. Limited	1,490,958.91	–

IX. Financial instruments and risk management

The Company's major financial instruments include accounts receivable, interest receivable, other receivables, short-term loans, accounts payable, interest payable and other payables. Details of these financial instruments are disclosed in Note VII. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company adopts sensitivity analysis technique to analyse how the profit and loss for the period and owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Foreign currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the foreign currency risk is primarily associated with US$, INR, HKD and TWD. The Company's principal activities are settled in RMB. As at December 31, 2017, the balance of the Company's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in foreign currencies. Foreign currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Company's performance.

in RMB

Particulars	As at December 31,	
	2017	2016
Cash and bank balances	20,150,260.84	19,767,186.77
Accounts receivable	25,129,034.04	58,771,880.56
Short-term loans	(69,915,940.00)	(74,225,900.00)
Interest payable	(7,440,305.55)	(3,525,896.53)
Accounts payable	(39,458,081.18)	(37,845,015.07)
	(71,535,031.85)	(37,057,744.27)

Credit risk

As at December 31, 2017, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

The Company reviews the recoverable amount of each individual trade debt at each Balance Sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Management considers that the Company credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating.

Liquidity risk

Liquidity risk is the risk that the Company may be difficult to raise enough funds to repay due debts relating to financial instruments.

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Management monitors use of loans and ensures to observe loan agreements.

2. Fair value

The Management of the Company considers the carrying amount of financial assets and financial liabilities measured at amortized cost is close to their fair value.

3. Sensitivity analysis

The Company adopts sensitivity analysis technique to analyse how the profit and loss for the period, and owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

Currency risk

in RMB

Item	Changes in exchange rate	2017		2016	
		Effect on profit	Effect on owners' equity	Effect on profit	Effect on owners' equity
All foreign currencies	10% increase against RMB	(7,153,503.19)	(7,153,503.19)	(3,705,774.43)	(3,705,774.43)
All foreign currencies	10% increase against RMB	7,153,503.19	7,153,503.19	3,705,774.43	3,705,774.43

X. 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.

XI.Commitments

(1) Capital commitments

in RMB

Particulars	As at December 31,	
	2017	2016
Purchase contracts for fixed assets that have been entered in or are to be performed	726,200.00	4,648,149.84

(2) Operating lease commitments

As of the Balance Sheet date, the Company had the following commitments in respect of non-cancellable operating leases:

in RMB

Particulars	As at December 31,	
	2017	2016
Within 1 year	20,125,368.07	20,102,550.85
1 to 2 years	21,490,151.01	20,129,158.45
2 to 3 years	15,910,565.30	21,490,151.01
Over 3 years	1,958,366.73	17,868,932.03
Total	59,484,451.11	79,590,792.34

INFOSYS McCAMISH SYSTEMS LLC

Independent Auditors' Report

To the Board of Directors of Infosys BPM Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys McCamish Systems, LLC ('the Company'), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Comprehensive Income, Statement of Changes in Member's Equity and Statement of Cash Flows for the year then ended, and the related notes 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 March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with US generally accepted accounting principles.

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 India, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US 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.

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 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 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 communicated 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 identified during our audit.

Bengaluru, India

May 9, 2018

Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		13,829,151	8,313,231
Accounts receivables, net of doubtful balances	4	22,425,123	9,105,641
Unbilled revenue		10,325,907	9,827,227
Income tax assets		43,711	111,536
Prepayments and other assets	5	17,342,383	7,771,858
Total current assets		63,966,275	35,129,493
Non-current assets			
Deferred tax assets	14	518,351	2,991,510
Property, plant and equipment	6	1,421,030	1,687,559
Goodwill		30,594,094	30,594,094
Intangible assets	7	770,372	2,000,928
Prepayments and other assets	5	9,522,104	115,480
Total non-current assets		42,825,951	37,389,571
Total assets		106,792,226	72,519,064
LIABILITIES AND EQUITY			
Current liabilities			
Loan from related parties	15	5,612,637	–
Trade payables	9	12,413,200	697,100
Unearned revenue		19,373,985	9,746,313
Provisions	10	892,290	780,672
Other liabilities	11	17,652,862	14,891,809
Total current liabilities		55,944,974	26,115,894
Non-current liabilities			
Other non-current liabilities	11	58,744	–
Total non-current liabilities		58,744	–
Total liabilities		56,003,718	26,115,894
MEMBERS' EQUITY			
Members' equity		36,070,038	36,070,038
Additional paid-in-capital		16,424,108	16,424,108
Accumulated deficit		(1,705,638)	(6,090,976)
Total member's equity		50,788,508	46,403,170
Total liabilities and member's equity		106,792,226	72,519,064

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

Statements of Comprehensive Income

in US$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue		110,968,301	69,848,292
Cost of revenue	13	93,056,227	55,529,474
Gross profit		17,912,074	14,318,818
Other expenses:			
Selling and marketing expenses	13	324,535	1,046,585
Administrative expenses	13	8,905,618	8,996,156
Amortization of intangible assets	7	1,230,556	1,335,556
Total other expenses		10,460,709	11,378,297
Operating profit		7,451,365	2,940,521
Interest expense		112,637	–
Other expenses / (income)			
Exchange differences		54,776	30,275
Miscellaneous income		(4,159)	–
Profit before income taxes		7,288,111	2,910,246
Income tax expense	14	2,902,773	882,286
Net profit		4,385,338	2,027,960
Other comprehensive income		–	–
Total comprehensive income		4,385,338	2,027,960

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

Statements of Changes in Members' Equity

in US$

Particulars	Member's Equity	Additional paid in capital	Accumulated deficit	Total Member's equity
Balance as of April 1, 2016	36,070,038	16,424,108	(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
Balance as of March 31, 2017	36,070,038	16,424,108	(6,090,976)	46,403,170
Changes in members equity for the year ended March 31, 2018				
Net profit for the year	–	–	4,385,338	4,385,338
Balance as of March 31, 2018	36,070,038	16,424,108	(1,705,638)	50,788,508

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

Statement of Cash Flows

in US$

Particulars	Years ended March 31,	
	2018	2017
Cash flows from operating activities		
Net profit for the year	4,385,338	2,027,960
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	2,902,773	881,840
Provision for service level risk on revenue contracts	111,617	(225,604)
Allowance for doubtful accounts	226,766	(127,994)
Depreciation	907,037	791,647
Exchange difference	54,776	30,275
Amortization of intangible assets	1,230,556	1,335,556
Interest expense	112,637	–
Cash operating profit	9,931,500	4,713,680
Changes in assets and liabilities		
Accounts receivable	(13,541,400)	(3,162,781)
Prepayments and other assets	(18,983,187)	(7,271,843)
Unbilled revenues	(552,267)	(8,577,683)
Trade payables	11,716,100	(266,929)
Unearned revenue	9,627,672	9,128,175
Other liabilities and provisions	2,819,800	9,494,714
Income taxes paid	(361,790)	(40,022)
Net cash (used in) / provided by operating activities	656,428	4,017,311
Cash flows from investing activities		
Expenditure on property, plant and equipment	(640,508)	(534,053)
Net cash used in investing activities	(640,508)	(534,053)
Cash flows from financing activities		
Loan from related parties	5,500,000	–
Net cash used in financing activities	5,500,000	–
Net changes in cash and cash equivalents	5,515,920	3,483,258
Cash and cash equivalents at the beginning of the year	8,313,231	4,829,973
Cash and cash equivalents at the end of the year	13,829,151	8,313,231
Supplementary information:		
Interest paid during the year	–	–

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

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), limited by members' interest. The Company was acquired by Infosys BPM Limited (formerly 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 US. 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 US. Generally Accepted Accounting Principles (US. GAAP) which 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 uncollectible accounts receivable, future obligations under employee benefit plans, the useful lives of property, 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 ASC 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 Statement of Comprehensive Income in accordance with ASC 605-45.

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 ASC 605-50.

Consistent with the guidance in ASC 605-0-3, the Company continues to present revenues net of sales and value-added taxes in its Statement of Comprehensive Income.

1.5 Property, 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.

The cost of software purchased for internal use is accounted under ASC 350-40. 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, 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 Compensated absences

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.

The Company adopted the provisions of ASC 740. 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, 2018, 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 the Management's opinion, as of March 31, 2018 and 2017 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.

For the years ending March 31, 2018 and March 31, 2017, the revenue earned from 2 customers respectively, who each contributed to more than 10% of revenues, accounted approximately 32% and 27% respectively of the revenues earned in those years.

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

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" (Topic 606). The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard allows for two methods of adoption: the full retrospective adoption, which requires the standard to be applied to each prior period presented, or the modified retrospective adoption, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. For non-public entities this standard is effective for fiscal years, beginning after December 15, 2018. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years beginning after December 15, 2019. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging. The update expands and refines hedge accounting for both financial and nonfinancial hedging strategies to better align hedge accounting with companies' risk management strategies. The update also amends the presentation and disclosure requirements and changes how companies assess effectiveness of their hedges. Adoption methods will differ by type of hedge. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. For non-public entities the new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The adoption of ASU No. 2016-13 is not expected to have a material effect on the Company's financial statements.

In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018 should be applied using a retrospective transition method to each period presented. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows - Restricted cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this update require that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted with an adjustment reflected as of the beginning of the fiscal year in which the amendment is adopted. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its Statement of Cash Flows.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350), which eliminates Step 2 from the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. For non-public entities the update is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017 and should be applied prospectively. The Company does not have any impact on the financial statements upon adoption of the update.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income and this update provides an option for entities to reclassify stranded tax effects caused by the newly-enacted Tax Cuts and Jobs Act, or Tax Reform Act, from accumulated other comprehensive income to retained earnings. Upon adoption, entities have the option to apply the update retrospectively or in the period of adoption. Early adoption of this update is permitted. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This guidance requires companies to classify deferred tax assets and liabilities as noncurrent on the Balance Sheet rather than separately disclosing deferred taxes as current and noncurrent. This standard is effective for annual periods beginning after December 15, 2017 and can be early adopted and applied either prospectively or retrospectively to all periods presented upon adoption. The Company has elected to early adopt the new guidance from the current year on a retrospective basis.

3. Member's equity

At March 31, 2018, the Company had one member, Infosys BPM Limited (formerly 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, 2018.

4. Accounts receivables, net of doubtful balances

Accounts receivable, net of doubtful balances, as on March 31, 2018 and 2017 is US$ 22,425,123 and US$ 9,105,641 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, 2018 and March 31, 2017, the Company had allowance amounting to US$ 223,494 and US$ 60,726 respectively, towards doubtful accounts receivable.

Receivables includes dues from related parties amounting to US$ 78,941 and US$ 16,596 as at March 31, 2018 and March 31, 2017, respectively. (Refer to Note 15).

5. Prepayment and other assets

Prepayment and other assets are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Prepaid expenses	16,274,617	7,673,594
Deposits	40,500	3,000
Other current assets[1]	1,027,266	95,264
	17,342,383	7,771,858
Non-current		
Prepaid expenses	9,435,344	28,720
Deposits	86,760	86,760
	9,522,104	115,480
	26,864,487	7,887,338

[1] Includes dues from related parties (Refer to Note 15).

6. Property, plant and equipment

Property, plant and equipment are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Computer equipment	7,080,787	6,973,807
Office furniture and equipment and leasehold improvements	1,585,990	1,126,457
	8,666,777	8,100,264
Accumulated depreciation	(7,245,747)	(6,415,249)
	1,421,030	1,685,015
Capital work-in-progress	–	2,544
	1,421,030	1,687,559

Depreciation expense amounted to US$ 907,037 and US$ 791,647 for the year ended March 31, 2018 and March 31, 2017 respectively which has been allocated to cost of revenue.

7. Intangible assets

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 the Management's estimate of the useful life of these assets.

Intangible assets as on March 31, 2018 and March 31, 2017 are as follows:

in US$

	Customer contracts and relationships	Computer software platform
March 31, 2018		
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	10,529,628	2,950,000
Net carrying value	770,372	–
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	–

The aggregate amortization expense for the year ended March 31, 2018 and March 31, 2017 amounted to US$ 1,230,556 and US$ 1,335,556, respectively.

The estimated amortization expense for intangible assets for the succeeding annual year is the US$ 770,372.

8. 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 DesMoines 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$ 879,914 and US$ 858,521 during the year ended March 31, 2018 and 2017, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31, 2018 are:

in US$

Particulars	Amount
FY 2018	492,314
FY 2019	280,163
FY 2020	280,163
FY 2021	203,344
FY 2022 and thereafter	–

9. Trade payables

Trade payables as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Dues to related parties (Refer to Note 15)	11,122,549	436,339
Other trade payables	1,290,651	260,761
	12,413,200	697,100

10. Provisions

Provisions as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Provision for service level risk on revenue contracts	892,290	780,672

11. Other liabilities

Other liabilities as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Accrued compensation to staff	1,502,579	1,033,321
Withholding taxes payable	–	–
Provision for expenses[1] (includes amount for related parties) (Refer to Note 15)	15,789,775	13,383,108
Rent holiday accrual	78,376	345,562
Others (includes dues to related parties) (Refer to Note 15)	282,132	129,818
	17,652,862	14,891,809
Non-current		
Rent holiday accrual	58,744	–
	58,744	–
	17,711,606	14,891,809

[1] Provision for expenses at March 31, 2018 primarily consists of professional charges and audit fees US$ 589,169, computer and software costs US$ 12,757,211, contract labor US$ 445,183, postage and other communication costs US$ 965,776, employee health insurance US$ 536,265 and others US$ 496,171.

[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.

12. Financial instruments

The carrying value and fair value of financial instruments by categories is as follows:

in US$

Particulars	As at March 31,			
	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets:				
Cash and cash equivalents	13,829,151	13,829,151	8,313,231	8,313,231
Accounts receivables (refer note 4)	22,425,123	22,425,123	9,105,641	9,105,641
Unbilled revenue	10,325,907	10,325,907	9,827,227	9,827,227
Other financial assets	1,063,830	1,063,830	125,267	125,267
Total	47,644,011	47,644,011	27,371,366	27,371,366
Liabilities:				
Loan from related parties	5,612,637	5,612,637	–	–
Trade payable (refer note 9)	12,413,200	12,413,200	697,100	697,100
Provision for expenses (refer note 11)	15,789,775	15,789,775	13,383,108	13,383,108
Accrued compensation to staff (refer note 11)	1,470,584	1,470,584	1,033,321	1,033,321
Other financial liabilities (refer note 11)	68,744	68,744	129,818	129,818
Total	35,354,940	35,354,940	15,243,347	15,243,347

13. Operating expenses

Operating expense for the year ended March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Employee benefit expenses	28,058,346	27,733,308
Cost of technical sub-contractors	24,426,971	8,152,254
Office expenses	1,158,284	333,814
Depreciation and amortization expense	2,137,593	2,127,203
Cost of software packages	38,233,629	21,762,341
Rent (Refer to Note 8)	879,914	858,521
Travel expenses	430,181	396,298
Communication expenses	1,722,615	1,220,422
Professional charges	2,310,211	608,521
Insurance charges	152,727	98,189
Postage and couriers	3,439,018	3,376,337
Other expenses	567,447	240,563
	103,516,936	66,907,771

Function wise classification of operating expenses for the year ended March 31, 2018 and 2017 are as follows:

in US$

Particulars	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Years ended March 31, 2018				
Employee benefit expense	25,413,671	2,341,923	302,752	28,058,346
Cost of technical subcontractors	24,426,971	–	–	24,426,971
Office expenses	107,398	1,050,617	269	1,158,284
Depreciation	907,037	–	–	907,037
Cost of software packages	37,572,728	658,901	2,000	38,233,629
Rent	839,400	40,514	–	879,914
Travel expenses	414,894	15,287	–	430,181
Communication expenses	1,148,530	573,846	239	1,722,615
Professional charges	2,028,641	281,570	–	2,310,211
Insurance	121,199	31,528	–	152,727
Postage and courier	–	3,439,018	–	3,439,018
Other expenses	75,758	458,469	33,220	567,447
	93,056,227	8,891,673	338,480	102,286,380

Particulars	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Year ended March 31, 2017				
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

14. Income taxes

The income tax expense during the year ended March 31 are as follows:

in US $

Particulars	2018	2017
Current taxes	429,614	45,966
Deferred taxes	2,473,159	836,320
Income tax expense	2,902,773	882,286

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 below:

in US $

Particulars	2018	2017
Profit before incomes taxes	7,288,111	2,910,246
Statutory Tax Rate	32%	34%
Computed expected tax expense	2,299,399	989,484
State Taxes	210,351	16,320
Withholding Taxes	58,596	15,413
Disallowed Items	11,435	9,939
Deferred tax – change in tax rates	352,049	–
Effect of true up of previous year taxes	21,968	(7,064)
Other Adjustments	(51,025)	(141,806)
Income tax expense	2,902,773	882,286

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liability as of March 31 are set forth below:

in US $

Particulars	2018	2017
Deferred tax assets:		
Carry forward business losses	3,746,078	7,940,097
Accruals	214,149	283,761
Accrued Compensation	230,673	216,414
Deferred rent	32,909	125,606
Depreciation and amortization	1,154,404	1,743,565
Others	273,863	58,519
	5,652,076	10,367,962
Deferred tax liability:		
Goodwill	(2,829,725)	(3,771,379)
Prepaid expenses	–	(115,634)
Accruals including contingent consideration reversal	(2,304,000)	(3,489,439)
Total deferred tax liability	(5,133,725)	(7,376,452)
Less: Valuation allowance	–	–
Deferred tax asset / (liability), net	518,351	2,991,510

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. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.At March 31, 2018, the Company has federal net operating loss carry forwards for income tax purpose of US$ 15,608,660 expiring in years 2030 through 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. 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, 2018.

15. 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 Ajit Shah, Director (2)
Mr. Ravikumar S., Director (1)
Mr. Kapil Jain, Director
Mr. Gordon Beckham, Chief Executive Officer and Director (4)
Mr. Rishi Kumar Jain, Chief Operating Officer and Director (3)
Mr. Richard Magner, Chief Executive Officer and Director (5)
Mr. Thothathri V, Director (6)

(1) resigned w.e.f. July 19, 2016.
(2) appointed w.e.f. July 19, 2016 and ceased to be director w.e.f. July 11, 2017.
(3) resigned w.e.f. October 8, 2016.
(4) resigned w.e.f. April 17, 2017.
(5) appointed as Chief Executive Officer w.e.f. April 18, 2017 (formerly acted in position of Sales Head).
(6) appointed w.e.f. July 11, 2017.

Enterprise in which Key Management personnel has significant influence

Magner Networks LLC

Other companies within the Group with which the Company has transactions during the year

Infosys Limited , Ultimate holding company (IL)

Infosys BPM Limited, the holding company (IBPM) (formerly Infosys BPO Limited)

Infosys Public Services, Inc. USA (IPS)

(b) The following is a summary of significant transaction with related parties:

in US $

Particulars	Year ended March 31, 2018	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	17,488,276
Purchase of services from IBPM	–	4,449,067
Purchase of shared services from IL	–	67,564
Sale of services to IL	–	496,582
Sale of services to IBPM	–	222,303
Sale of shared services to IBPM	–	33
Interest expense on loan from IPS	–	112,637
Remuneration to key managerial personnel	510,684	–
Capital transactions (Financing) :		
Loan taken from IPS	–	5,500,000

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 IBPM	–	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 IBPM	–	88,886
Sale of services to IL	–	38,685
Sale of services to IBPM	–	172,279
Sale of shared services to IBPM	–	541
Remuneration to key managerial personnel	1,030,888	–

(c) The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows:

in US $

Particulars	As at March 31,	
	2018	2017
Loan Taken		
Infosys Public Services, Inc. USA	5,612,637	–
	5,612,637	–
Trade payables		
Infosys Limited	10,790,940	77,775
Infosys BPM Limited (formerly Infosys BPO Limited)	331,609	358,564
	11,122,549	436,339
Account receivables		
Infosys Limited	59,717	–
Infosys BPM Limited (formerly Infosys BPO Limited)	19,224	16,596
	78,941	16,596
Other receivables		
Infosys Limited	3,071	–
Infosys BPM Limited (formerly Infosys BPO Limited)	385	–
Infosys Public Services, Inc. USA	896,854	–
	900,310	–
Other payables		
Infosys Limited	33,689	43,648
	33,689	43,648
Provision for expense		
Magner Network, LLC	–	13,210
	–	13,210

On May 16, 2017, Company entered into a loan agreement with Infosys Public Services, Inc. USA to finance the Company's operations, for the amount of US$ 5,500,000. The loan was processed on June 6, 2017 and is subject to a market rate of interest set at 2.50% p.a. for the period from loan inception date to repayment.The maturity date for principal amount is set at twelve months from the effective date of the loan agreement, unless extended by written consent of both the parties.The interest is payable at repayment of loan or anniversary date each year, whichever is earlier.

16. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2018 and March 31, 2017.

The estimated amount of contracts remaining to be executed on capital contracts and not provided for as at March 31, 2018 and March 31, 2017 amounts to US$ 286,924 and US$ 544,413, 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.

17. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31,2018 up through May 9, 2018, 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.

INFY CONSULTING COMPANY LIMITED

Company information

Director	S P Kingston
Registered number	06087315
Registered office	14th Floor 10 Upper Bank Street Canary Wharf London E14 5NP
Independent auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

Director's responsibilities statement for the year ended December 31, 2017

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102')'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to :

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the members of Infy Consulting Company Limited for the year ended December 31, 2017

Opinion

We have audited the financial statements of Infy Consulting Company Limited (the 'Company') for the year ended December 31, 2017, which comprise the Balance Sheet as at December 31, 2017, the profit and loss account, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements :

- give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where :

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters 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 the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the director's responsibilities statement on page 129, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director 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 director 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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 9, 2018

Profit and Loss account for the year ended December 31, 2017

in £

	Note no.	2017	2016
Turnover	3	47,768,483	65,836,543
Cost of sales		(42,806,428)	(61,678,552)
Gross profit		4,962,055	4,157,991
Administrative expenses		(3,042,395)	(3,006,148)
Other operating income		124,470	10,100
Operating profit	4	2,044,130	1,161,943
Interest receivable and similar income	7	206,913	137,899
Interest payable and similar expenses	8	(390)	(2,530)
Profit before tax		2,250,653	1,297,312
Tax on profit	9	(493,535)	(431,508)
Profit for the financial year		1,757,118	865,804

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

Balance Sheet as at December 31, 2017

in £

	Note no.		2017		2016
Fixed assets					
Tangible assets	11		56,187		129,761
Current assets					
Debtors : Amounts falling due within one year	12	11,752,783		22,411,652	
Cash at bank and in hand		3,822,169		651,722	
		15,574,952		23,063,374	
Creditors : amounts falling due within one year	13	(13,150,944)		(18,270,058)	
Net current assets			2,424,008		4,793,316
Net assets			2,480,195		4,923,077
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		2,430,195		4,873,077
Total equity			2,480,195		4,923,077

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

S P Kingston
Director
Date : February 9, 2018
The notes form part of these financial statements.

Statement of Changes in Equity as at December 31, 2017

in £

	Called up share capital	Profit and loss account	Total equity
As 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
As at December 31, 2016 and January 1, 2017	50,000	4,873,077	4,923,077
Comprehensive income for the year			
Profit for the financial year	–	1,757,118	1,757,118
Dividends : Equity capital	–	(4,200,000)	(4,200,000)
Total transactions with owners	–	(4,200,000)	(4,200,000)
As at December 31, 2017	50,000	2,430,195	2,480,195

Notes to the financial statements for the year ended December 31, 2017

1. General information

Infy Consulting Company Limited provides the Management consultancy services.

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

The financial statements are presented in UK Pound Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS102') 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 :

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of Statement of Cash Flows);
- Section 7 Statement of Cash Flows (inclusion of Statement of Cash Flows);
- Section 11 Financial Instruments paragraph 11.39 to 11.48A (disclosure relating to financial instruments);
- Section 26 Share based payments (disclosure of share based payments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The Company's financials will be included in the consolidated financial statements of Infosys Limited for the year ended 31 March 2018 and these financial statements may be obtained from www.infosys.com.

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, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognized :

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 the Management.

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

Depreciation is provided on the following basis :

Leasehold improvements	33%	straight-line
Fixtures and fittings	33%	straight-line
Computer equipment	33%	straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss account.

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 set out below.

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 normal business terms or is financed at a rate of interest that is not a market rate.

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

Financial liabilities

Basic financial liabilities, including trade and other creditors, 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 amortized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is UK Pound Sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are 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 and similar income or interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

2.9 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.

2.10 Dividends

Equity dividends are recognized when they become legally payable. Interim equity dividends are recognized when paid. Final equity dividends are recognized when approved by the shareholders at an annual general meeting. Dividends on shares recognized as liabilities are recognized as expenses and classified within interest payable.

2.11 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.

2.12 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.

2.13 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.

2.14 Interest income

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

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 in the countries where the Company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that :

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognized in respect of permanent differences except in respect of business combinations, when deferred tax is recognized on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using 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	2017	2016
United Kingdom	540,430	188,671
Rest of Europe	2,005,967	3,921,176
Rest of the world	45,222,086	61,726,696
	47,768,483	65,836,543

4. Operating profit

The operating profit is stated after charging :

in £

Particulars	2017	2016
Depreciation of tangible fixed assets	70,681	110,383
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,250	15,000

Particulars	2017	2016
Fees payable to the Company's auditor and its associates for other services to the Company	7,430	20,508
Exchange differences	214,687	860

5. Employees

Staff costs, including director's remuneration, were as follows:

in £

Particulars	2017	2016
Wages and salaries	24,643,522	28,597,597
Social security costs	3,252,159	3,733,542
Cost of defined contribution scheme	1,043,270	1,154,633
	28,938,951	33,485,772

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

Particulars	2017	2016
Consultants	235	277
Management	13	8
	248	285

6. Director's remuneration

in £

Particulars	2017	2016
Director's emoluments	352,182	691,284

The highest paid director received remuneration of £352,182 (2016 £373,597).

7. Interest receivable

in £

Particulars	2017	2016
Interest receivable from group companies	206,913	135,654
Other interest receivable	–	2,245
	206,913	137,899

8. Interest payable and similar charges

in £

	2017	2016
Bank interest payable	390	2,530

9. Taxation

in £

Particulars	2017	2016
Corporation tax		
Current tax on profits for the year	602,706	431,849
Adjustments in respect of previous periods	(64,104)	(341)
Total current tax	538,602	431,508
Deferred tax		
Origination and reversal of timing differences	(45,067)	–
Total deferred tax	(45,067)	–
Taxation on profit on ordinary activities	493,535	431,508

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 higher than) the standard rate of corporation tax in the UK of 19.25% (2016 20%). The differences are explained below:

in £

Particulars	2017	2016
Profit on ordinary activities before tax	2,250,653	1,297,312
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 20%)	433,251	259,462
Effects of:		
Expenses not deductible for tax purposes	21,756	37,249
Capital allowances for year in excess of depreciation	3,993	9,730
Adjustments to tax charge in respect of prior periods	(64,104)	(341)
Other timing differences leading to an increase in taxation	98,639	125,408
Total tax charge for the year	493,535	431,508

Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the Balance Sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

10. Dividends

in £

Particulars	2017	2016
Dividends declared and paid	4,200,000	–

11. Tangible fixed assets

in £

Particulars	Computer equipment
Cost	
As at January 1, 2017	447,081
Additions	1,068
Disposals	(47,242)
As at December 31, 2017	400,907
Depreciation	
As at January 1, 2017	317,320
Charge for the year	70,681
Disposals	(43,281)
As at December 31, 2017	344,720
Net book value	
As at December 31, 2017	56,187
As at December 31, 2016	129,761

12. Debtors

in £

Particulars	2017	2016
Trade debtors	–	2,356,935
Amounts owed by group undertakings	11,001,327	19,101,985
Other debtors	112,767	6,256
Prepayments and accrued income	193,404	327,457
Tax recoverable	400,218	619,019
Deferred taxation	45,067	–
	11,752,783	22,411,652

13. Creditors :Amounts falling due within oneyear

in £

Particulars	2017	2016
Trade creditors	316,514	459,910
Amounts owed to group undertakings	7,184,587	10,609,179
Corporation tax	744,716	559,049
Taxation and social insurance	124,164	1,751,124
Other creditors	151,385	138,661
Accruals and deferred income	4,629,578	4,752,135
	13,150,944	18,270,058

14. Deferred taxation

in £

Particulars	2017
At beginning of year	–
Charged to profit or loss	45,067
At end of year	45,067

The deferred tax asset is made up as follows :

in £

Particulars	2017
Accelerated capital allowances	32,979
Other timing differences	12,088
	45,067

15. Share capital

in £

Particulars	2017	2016
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

16. Reserves

Profit and loss account

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

17. 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.

18. 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.

19. 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, 2017

in £

Particulars	2017	2016
Turnover	47,768,483	65,836,543
Cost of sales	(42,806,428)	(61,678,552)
Gross profit	4,962,055	4,157,991
Other operating income	124,470	10,100
Less: overheads		
Administration expenses	(3,042,395)	(3,006,148)
Operating profit	2,044,130	1,161,943
Interest receivable	206,913	137,899
Interest payable	(390)	(2,530)
Profit for the financial year	2,250,653	1,297,312

in £

Particulars	2017	2016
Cost of sales		
Wages and salaries	24,291,340	27,906,313
National insurance	3,252,159	3,733,542
Staff pension contributions	1,043,270	1,154,633
Directors' remuneration	352,182	691,284
Subcontractors and temporary staff	8,626,546	15,647,426
Consultancy costs	1,568,586	7,921,049
Travel and subsistence	3,670,699	4,642,338
Provision for post sales customer support	1,646	(18,033)
	42,806,428	61,678,552

in £

Particulars	2017	2016
Other operating income		
Other operating income	124,470	10,100

in £

Particulars	2017	2016
Administration expenses		
Staff training	99,846	130,317
Staff welfare	319,507	232,718
Entertainment	148,038	301,797
Printing and stationery	31,433	48,106
Telephone	319,491	425,309
Computer costs	9,101	15,701
Advertising	36,189	5,182
Subscriptions	5,093	5,333
Donations	2,500	–
Legal and professional	768,283	746,429
Auditors' remuneration	32,232	913
Bank charges	3,963	5,431
Bad debts	2,714	(11,553)
Difference on foreign exchange	214,687	860
Sundry expenses	120,417	132,949
Rent, service charge and utilities	149,860	138,237
Insurance	91,912	71,075
Repairs and maintenance	171,429	114,531
Depreciation	70,681	110,383
Loss on disposal of tangible assets	3,961	–
Management fees	441,058	532,430
	3,042,395	3,006,148

in £

Particulars	2017	2016
Interest receivable		
Other interest receivable	–	2,245
Group interest receivable	206,913	135,654
	206,913	137,899

in £

Particulars	2017	2016
Interest payable		
Bank interest payable	390	2,530

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INFOSYS CONSULTING GmbH

Independent Auditors' Report

We have audited the annual financial statements – comprising the Balance Sheet, the Income Statement and the notes to the financial statements – together with the bookkeeping system and the management report of Infosys Consulting GmbH, Garching near Munich/Germany, for the financial year from 1 January to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with applicable accounting regulations and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Infosys Consulting GmbH, Garching near Munich/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich/Germany, 21 March 2018
Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

signed Klinger
Wirtschaftsprüfer
[German Public Auditor]

signed Farrenkopf
Wirtschaftsprüfer
[German Public Auditor]

Balance Sheet

	Assets	As at December 31, 2017			2016
		EUR	EUR	EUR	kEUR
A.	Fixed assets				
	Property, plant and equipment				
	Other assets, operating and office equipment			256,508.89	231
B.	Current assets				
I.	Inventories				
	Work-in-progress		57,854.65		164
II.	Receivables and other assets				
1.	Trade receivables	17,937,107.42			14,552
2.	Receivables from affiliated companies	1,894,735.51			2,306
3.	Other assets	1,754,718.74			2,518
			21,586,561.67		19,376
III.	Cash-in-hand and bank balances		4,903,266.94		6,577
				26,547,683.26	26,117
C.	Prepaid expenses			6,689.98	15
D.	Deficit not covered by equity			975,229.76	0
				27,786,111.89	26,363

	Equity and Liabilities	As at December 31, 2017		2016
		EUR	EUR	kEUR
A.	Equity			
I.	Issued capital	86,000.00		86
II.	Loss for the year (prior year : profit for the year)	(1,061,229.76)		153
			(975,229.76)	239
	Deficit not covered by equity			
	(Shown under Assets D)		975,229.76	0
			0.00	239
B.	Provisions			
1.	Tax provisions	4,491,309.45		1,654
2.	Other provisions	11,564,199.29		9,824
			16,055,508.74	11,478
C.	Liabilities			
1.	Prepayments received on orders	309,870.00		300
2.	Trade payables	2,412,775.58		3,131
3.	Liabilities to affiliated companies	6,140,354.38		8,622
4.	Other liabilities	2,867,603.19		2,593
	thereof from taxes			
	EUR 2,694,642.82 (prior year : kEUR 2,502)			
			11,730,603.15	14,646
			27,786,111.89	26,363

Income Statement

	Particulars	Years ended December 31,2017		2016
		EUR	EUR	kEUR
1.	Revenue		90,311,928.34	75,369
2.	Decrease in work-in-progress		(105,865.05)	(375)
3.	Other operating income		702,469.92	783
4.	Cost of materials			
	Cost of purchased services		(47,477,916.40)	(31,440)
5.	Employee benefit expenses			
a)	Wages and salaries	(24,913,253.35)		(30,794)
b)	Social security, post-employment and other social benefit costs	(4,536,213.92)		(5,125)
			(29,449,467.27)	(35,919)
6.	Depreciation and write-downs of property, plant and equipment		(93,038.19)	(93)
7.	Other operating expenses		(15,210,484.61)	(14,552)
8.	Other interest and similar income		1,031.80	3
9.	Interest and similar expenses		(51,505.77)	(20)
10.	Income taxes		158,250.00	0
11.	Earnings after taxes		(1,214,597.23)	(6,244)
12.	Other taxes		0.00	0
13.	Loss for the year		(1,214,597.23)	(6,244)
14.	Retained earnings carried forward		153,367.47	6,397
15.	Loss for the year (prior year : profit for the year)		(1,061,229.76)	153

Notes to the financial statements

I. General information

The Balance Sheet and the Income Statement have been prepared in accordance with the regulations of the German Commercial Code (HGB).

As at the Balance Sheet date, the entity is a large firm organized in a corporate form within the meaning of Section 267 (3) German Commercial Code (HGB).

With regard to the disclosure of emoluments paid to the Management, the entity makes use of the safeguard clause of Section 286 (4) German Commercial Code (HGB).

The Income Statement was prepared according to the nature of expense method in accordance with Section 275(2) German Commercial Code (HGB).

As at December 31, 2017, the entity's Balance Sheet shows overindebtedness amounting to kEUR 975 as well as a deficit not covered by equity in the same amount. However, the shareholder has issued a letter of comfort in favour of Infosys Consulting GmbH. Further, the shareholder has issued a letter of subordination for the loan granted in relation to the loan's balance as at December 31, 2016.

II. Accounting and valuation principles

The financial statements for the year ended December 31, 2017 were prepared in accordance with the accounting and valuation principles of the Third Book of the German Commercial Code (HGB) as well as under consideration of the provisions of the German Limited Liability Companies Act (GmbHG).

The following accounting and valuation principles were applied :

Property, plant and equipment (including low-value items) is valued at historic acquisition or production cost less depreciation.

As of 1 January 2010, the option to fully depreciate low-value items with acquisition or production costs of up to EUR 410 was exercised for additions to low-value items.

Depreciation is conducted according to the estimated useful life of the assets that ranges between three to 15 years on a straight-line basis. Write-downs are made to the required extent.

Work-in-progress was recognized at production cost in accordance with Section 255 (2) German Commercial Code (HGB). Interest on borrowed capital is not capitalized. Work-in-progress is depreciated to the lower fair value.

Receivables and other assets are stated at nominal value less any necessary value adjustments. Identifiable default risks are taken into account by making appropriate allowances on individual receivables. A general allowance has been made in order to cover the general credit risk.

Cash-in-hand and bank balances are capitalized at nominal value.

Prepaid expenses have been formed in accordance with the provisions of German commercial law and valued at the nominal value.

The issued capital (share capital) is stated at nominal value.

Provisions adequately consider all identified risks and contingent liabilities. Provisions are recognized at settlement amounts determined according to sound business judgment. Provisions with a term of up to one year have not been discounted.

Prepayments received on orders refer to pre-payments by customers for services that cannot yet be invoiced and are measured at nominal value of the payment received.

Liabilities are carried at settlement amount.

Assets and liabilities dominated in foreign currencies are translated into EUR at the exchange rate in effect at the time of transaction in accordance with Section 256a German Commercial Code (HGB). Profit and losses from exchange rate changes as at the Balance Sheet date are taken into account if the residual term does not exceed one year. If residual terms exceed one year, exchange rate changes are taken into account if receivables are to be valued lower or liabilities are to be valued higher as a result thereof.

III. Notes to the Balance Sheet

Assets

Fixed assets

Changes in fixed assets are presented in the statement of movements (attached to these notes to the financial statements).

Current assets

Inventories

Inventories (work-in-progress) amounted to kEUR 58 (prior year : kEUR 164).

Receivables and other assets

As in the prior year, all individually disclosed receivables and other assets are due within one year. This does not apply to other assets in the amount of kEUR 64 with a residual term of 15 months.

Receivables from affiliated companies amount to kEUR 1,895 (prior year : kEUR 2,306) and include trade receivables of kEUR 1,700 (prior year : kEUR 2,211) as well as receivables relating to other matters totalling kEUR 194 (prior year : kEUR 96). These receivables were netted with the corresponding liabilities per company, so that the respective surplus is recognized as at December 31, 2017. As in the prior year, there are no receivables from the shareholder.

Other assets mainly relate to tax receivables from foreign employees of kEUR 1,424 (prior year : kEUR 2,247), tax receivables totalling kEUR 158 (prior year : kEUR 0) and rent deposits amounting to kEUR 117 (prior year : KEUR 206).

Cash-in-hand and bank balances

Cash and cash equivalents consist almost entirely of bank balances and these amounted to kEUR 4,903 (prior year : kEUR 6,577) at the end of the financial year.

Deferred taxes

For the calculation of deferred taxes due to temporary or quasi-permanent differences between the values of assets, liabilities and deferred income in the Balance Sheet prepared under commercial law and their values recognized under tax law or due to tax losses carried forward, the amounts of the resulting tax burden and tax relief are valued at the tax rates of the individual entity at the time the differences are reduced and not discounted. Deferred tax assets and liabilities were offset. This did not result in an asset item.

Deferred tax assets mainly result from tax losses carried forward and from valuation differences relating to provisions for holidays.

Deferred tax liabilities do not exist.

Waiving the option of recognising deferred tax assets provided for in Section 274 (1) Sentence 2 German Commercial Code (HGB), these were not capitalized. The calculation was based on a tax rate for corporation income tax and solidarity surcharge of 15.825% and for municipal trade tax of 11.55% (assessment rate 330%).

Equity and liabilities

Equity

Equity comprises share capital (kEUR 86) as well as the loss for the year, which can be analyzed as follows:

Particulars	kEUR
Retained earnings carried forward as at January 1, 2017	153
Profit for the year 2017	(1,214)
Loss for the year as at December 31, 2017	(1,061)

Tax provisions

Tax provisions mainly relate to liability debts in connection with German wage tax from prior years for foreign employees working on German projects.

Other provisions

The other provisions mainly include the following provisions:

The provisions for outstanding invoices relating to subcontractors amounting to kEUR 2,988 (prior year: kEUR 1,335), employee bonuses including partner bonuses totalling kEUR 2,121 (prior year: kEUR 2,396), outstanding holidays of kEUR 1,034 (prior year: kEUR 1,863), social security amounting to kEUR 2,708 (prior year: kEUR 2,148) and the provisions for outstanding employee travel costs totalling kEUR 561 (prior year: kEUR 320). Moreover, provisions for litigation costs have been made of kEUR 1,341 (prior year: kEUR 270).

Liabilities

As in the prior year, all individually disclosed liabilities are due within one year.

Liabilities to affiliated companies were netted with the corresponding liabilities per company to ensure that only the respective surplus is recognized as at the Balance Sheet date.

Liabilities to affiliated companies include trade payables amounting to kEUR 1,215 (prior year: kEUR 1,582) as well as receivables arising from other issues totalling kEUR 101(prior year: kEUR 165). In addition, there is a loan amount of kEUR 4,825 (prior year: kEUR 6,875) to the shareholder.

The other liabilities mainly relate to the following positions:

Liabilities from German wage and church tax amounting to kEUR 1,051 (prior year: kEUR 1,215) and value-added tax liabilities totalling kEUR 1,644 (prior year: kEUR 1,287).

IV. Notes to the Income Statement

The Income Statement was prepared according to the nature of expense method.

Region-wise revenue details are as follows:

Region	2017 (in kEUR)	in %	2016 (in kEUR)	in %
Germany	74,499	82.5	56,953	75.5
Europe (sundry)	10,062	11.1	17,204	22.8
America	398	0.4	1,104	1.5
Asia	1,479	1.6	62	0.1
Australia	3,874	4.3	46	0.1
Africa	0	0.0	0	0.0
Total	90,312	100.0	75,369	100.0

Of the revenue, consulting services account for kEUR 85,109 while costs passed on - travel costs in particular - make up kEUR 3,724 - and other revenue accounts for kEUR 1,479.

Other operating income totalling kEUR 702 (prior year: kEUR 783) mainly relate to income from private car use amounting to kEUR 304 (prior year: kEUR 309) and income from foreign currency valuation in the amount of kEUR 323 (prior year: kEUR 454).

In total, the income resulting from other accounting periods in other operating income in the financial year amounts to kEUR 3 (prior year: kEUR 9).

Cost of purchased services by subcontractors amounted to kEUR 47,478 (prior year: kEUR 31,440) in the reporting year.

Employee benefit expenses were reduced from kEUR 35,919 to kEUR 29,449.

The other operating expenses totalling kEUR 15,210 (prior year: 14,552) mainly include travel costs in the amount of 5,564 (prior year: kEUR 7,600), vehicle costs totalling kEUR 569 (prior year: 593), other employee benefit expenses of kEUR 5,707 (prior year: kEUR 2,793) and cost allocations from other entities within the group of kEUR 389 (prior year: kEUR 460). Moreover, consulting costs of kEUR 1,019 (prior year: kEUR 852), costs of premises totalling kEUR 412 (prior year: kEUR 601), telephone costs of kEUR 482 (prior year: kEUR 553) and expenses relating to foreign currency valuations totalling kEUR 719 (prior year: kEUR 837) incurred.

The other operating expenses include expenses resulting from other accounting periods totalling kEUR 21 (prior year: kEUR 3). As in the prior year, these mainly relate to losses from the disposal of fixed assets.

Taxes on income led to tax proceeds in the amount of kEUR 158 (prior year: kEUR 0) in the reporting year.

Overall, the entity recorded a loss for the reporting year in the amount of kEUR 1,214 (prior year :loss for the period of kEUR 6,244). The loss for the year is carried forward to the new financial year together with prior year's profit carried forward.

V. Other disclosures

Other financial commitments

As at December 31, 2017, the entity has other financial commitments relating to car leasing contracts (kEUR 214; prior year : kEUR 193), rental agreements for office premises and apartments (kEUR 379; prior year : kEUR 789) totalling kEUR 593 (prior year : kEUR 982). Of these commitments, kEUR 434 relate to the financial year 2018 while kEUR 159 relate to the years up to and including 2020. According to Management, the entity's other financial commitments do not pose substantial risks for the subsequent financial years. The other financial commitments incurred within normal business development. Compared to the alternative of investing in property, plant and equipment, the conclusion of rental and leasing transactions serves to improve the entity's liquidity for the period. There are no other financial commitments to affiliated companies.

Employees

In the business year 2017, the average number of 247 (prior year : 296) employees was employed. This number includes an average of 232 (prior year : 278) consultants and 15 (prior year : 18) administrative employees.

Management

Michael Dietz, Consultant

Significant Company Agreements

At the end of the financial year 2016, an open-ended loan agreement with a credit line in the amount of kEUR 15,000 was concluded between the entity and the shareholder.

In addition, there is a rental agreement for office premises in Garching/Germany, where the entity's registered office is located.

Group affiliation

The shareholder of the entity, Infosys Consulting GmbH is Infosys Consulting Holding AG, Obstgartenstraße 27 in 8302 Kloten/Switzerland with a share of EUR 86,000.00 (100%).

The financial statements of Infosys Consulting GmbH are included in the consolidated financial statements of Infosys Limited, Bengaluru/India, which prepares consolidated financial statements for the smallest and the largest group of consolidated entities.

The consolidated financial statements of Infosys Limited are published and are available on the US Securities and Exchange Commission (SEC) website.

There is no profit transfer or fiscal unity agreement between the shareholder and Infosys Consulting GmbH.

Auditors' fee

The total fee to be charged by the auditors of the financial statements for the financial year 2017 relates to expenses for auditing services totalling kEUR 25.

Garching near Munich/Germany

March 16, 2018

Mr Michael Dietz
Managing Director

Movements in fixed assets

Other equipment, operating and office equipment

Acquisition and production cost :

Jan 1, 2017	Additions	Disposals	Dec 31, 2017
EUR	EUR	EUR	EUR
888,556.24	143,397.52	274,373.68	757,580.08

Accumulated amortization, depreciation and write-down :

Jan 1, 2017	Additions	Disposals	Dec 31, 2017
EUR	EUR	EUR	EUR
657,995.99	93,038.19	249,962.99	501,071.19

Book value :

Dec 31, 2017	Dec 31, 2016
EUR	EUR
256,508.89	230,560.25

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INFOSYS POLAND Sp. z o.o.

Auditors' Report

To the shareholder of Infosys Poland Spółka z ograniczoną odpowiedzialnością

Auditors' report

We have audited the attached annual financial statements of Infosys Poland Spółka z ograniczoną odpowiedzialnością with its registered office in Łódź, Pomorska 106A (hereinafter : 'Company') comprising : Balance Sheet prepared as at March 31, 2018, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement prepared for the financial year from April 1, 2017 to March 31, 2018 and notes, comprising an introduction to the financial statements and other explanatory information ('financial statements').

Responsibility of the Company's manager and those charged with governance for the financial statements

The Management Board of the Company is obliged to prepare the financial statements based on properly kept accounting records and to present them fairly in line with the Accounting Act of September 29, 1994 (Journal of Laws of 2018, item 395, as amended), hereinafter referred to as the 'Accounting Act', its implementing regulations and other applicable laws as well as the entity's articles of association. The Management Board of the Company is also responsible for ensuring internal control necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Under the Accounting Act, the Management Board of the Company is obliged to ensure that the financial statements meet the requirements of the Accounting Act.

Auditors' responsibility

Our responsibility was to express an opinion whether the financial statements give a true and fair view of the financial and economic position as well as the financial performance of the entity in line with the applicable provisions of the Accounting Act and adopted accounting principles (policy).

Our audit of the financial statements has been performed in accordance with :

1. the Act on statutory auditors, auditing companies and public oversight of May 11, 2017 (Journal of Laws of 2017, item 1089, as amended) ('Act on statutory auditors');

National Auditing Standards in the wording of the International Standards on Auditing adopted by resolution No. 2783/52/2015 of the National Council of Statutory Auditors of 10 February 2015, as amended, in connection with resolution No. 2041/37a/2018 of March 5, 2018 on national professional standards.

Those regulations 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.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board of the Company, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include an assurance regarding the future profitability of the audited entity or the effectiveness of the Company's Management Board in managing the entity's affairs at present and in future.

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 attached annual financial statements :

- give a true and fair view of the economic and financial position of the Company as at March 31, 2018 and its financial performance for the financial year from April 1, 2017 to March 31, 2018, in accordance with applicable provisions of the Accounting Act and the adopted accounting principles (policies);
- have been prepared based on properly kept — in line with chapter 2 of the Accounting Act — accounting records;
- comply, with respect to their form and content, with the applicable provisions of law and the articles of association of the entity.

Other matters

The financial statements of the Company for the prior financial year ended March 31, 2017 were audited by another certified auditor who issued an opinion on those financial statements on May 16, 2017.

Report on other legal and regulatory requirements

Opinion on the report on the activities

We do not express an opinion on the report on the activities.

The Management Board of the Company is responsible for the preparation of the report on the activities in line with the provisions of law.

Under the act on statutory auditors we were obliged to issue an opinion as to whether the report on the activities complies with the provisions of law and is consistent with underlying information disclosed in the attached financial statements. Additionally, it was our responsibility to indicate whether we have detected any material misstatement in the report on the activities and to describe the misstatement (if any), based on our knowledge of the Company and its business environment obtained in the course of the audit.

In our opinion, the report on the activities has been prepared in line with the applicable provisions of law and is consistent with the underlying information disclosed in the attached financial statements. Furthermore, we represent that based on our knowledge of the entity and its business environment obtained in the course of the audit of the financial statements, we believe that the report on the activities is free from material misstatements.

On behalf of Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. (until 18 march 2018 operating under the name Deloitte Polska spółka z ograniczoną odpowiedzialnością sp. k.) — entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors :

Piotr Niedziela
Key certified auditor
conducting the audit
No. 12523

Warsaw,

April 27, 2018

This Report is an English version of the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Introduction to the Financial Statements

1. Details of the Company

1.1 Company's name

Infosys Poland Sp. z o.o., hereinafter : Company

1.2 Registered office

ul. Pomorska 106A
91-402 Łódź

1.3 Entry in the National Court Register

Court : District Court for Łódź–Śródmieście in Łódź, XX Division of the National Court Register
Date : 3 August 2007
Number : KRS 0000285868

1.4 Core business and duration of the Company

In accordance with its Articles of Association, the Company's core business is :

- computer programming (PKD 62.01.Z);
- accounting, bookkeeping and auditing activities; tax consultancy (PKD 69.20 Z);
- data processing, hosting and related activities (PKD 63.11.Z).

The Company has been incorporated for an unlimited period of time.

1.5 Period covered by the financial statements

These financial statements cover the period from April 1, 2017 to March 31, 2018 and the comparative information is for the period from April 1, 2016 to March 31, 2017.

1.6 Going concern

These financial statements have been prepared on the basis that the Company is a going concern.

There are no circumstances indicating a threat to the Company's ability to continue as a going concern.

2. Major accounting principles

These financial statements have been prepared using the following accounting principles :

2.1 Basis for preparation of the financial statements

These financial statements have been prepared in accordance with the accounting policies applicable in Poland as set out in the Accounting Act of 29 September 1994 (Journal of Laws of 2018 item 395) and secondary legislation to the Accounting Act.

The accounting principles adopted by the Company have been applied consistently are the same as those used in the prior financial year.

2.2 Revenue and expenses

Revenues and expenses are recognized using the accrual method, i.e. in the year when they were generated or incurred, irrespective of the date of receiving or making the payment.

The Company records expenses and prepares the Profit and Loss Account by nature of expense.

Sales revenue

The Company derives revenue primarily from the management of business processes, both on the basis of allocation of staff, fixed price agreed with the Client, number of hours or based on the unit price for a given activity. Revenue based on the allocation of staff is recognized when realized and the revenue realized from the date of the last invoice to the date of the Balance Sheet are recognized as unbilled revenue. Revenue based on the fixed price agreed with the Client or the number of hours is recognized at a reliabile amount, if they are probable. Revenue based on the unit price for a given activity are recognized as transactions based on measurable deliverables. Provisions for expected losses, if any, on unfulfilled contracts are recognized in the period in which the loss is probable, based on current estimates.

2.3 Interest income

Interest income is recognized using the effective interest rate.

2.4 Cash flow statement

The cash flow statement has been prepared using the indirect method.

2.5 Intangible assets

Intangible assets are measured at cost less amortization charges and impairment losses.

Intangible assets are amortized using the straight-line method and the following rates :

Intangible assets of more than PLN 3,500	50%
Goodwill	20%

The correctness of the amortization periods and rates applied to intangible assets should be periodically verified by the entity, which should lead to appropriate adjustment of the amortization expenses recognized in future periods.

2.6 Fixed assets

Fixed assets are measured at cost (initial amount) less depreciation charges and impairment losses.

The cost of fixed assets and fixed assets under construction comprises total expenses incurred by the entity throughout the construction, assembly, adaptation and improvement of the assets until the date of their commissioning, including respective borrowing costs and exchange differences, less revenue generated on that basis.

The initial amount of a fixed asset is increased by the costs of its improvement consisting in remodelling, extension, modernization or reconstruction, following which the value in use of the fixed asset after improvement exceeds its value in use at the time when it was first made available for use.

Fixed assets are depreciated on a straight-line basis. Depreciation begins in the month in which the fixed asset becomes available for use.

The Company applies the following depreciation rates :

Particulars	Depreciation rates
	33.33%
Furniture	20%
Office equipment	20%
Leasehold improvements	until the end of the contract no longer than five years

The correctness of the depreciation periods and rates applied to fixed assets should be periodically verified by the entity, which should lead to appropriate adjustment of the depreciation expenses recognized in future periods.

2.7 Investments

Investments are assets held in order to achieve economic benefits arising from an increase in their value, generate interest income, dividends (profit sharing) or other benefits, including from trading transactions, in particular financial assets, real property and intangible assets not used by the entity but held only in order to obtain these benefits.

2.8 Receivables, claims and liabilities not classified as financial assets and financial liabilities

Receivables are recognized at the amount due using the prudence principle. Receivables are revalued based on the probability of their repayment through recognition of an impairment loss which is charged to other operating expenses or financial expenses, depending on the type of receivable concerned. As a rule, receivables which are outstanding for more than 180 days of a respective invoice are subject to a valuation allowance charged to other operating expenses.

Liabilities are measured at the amount due.

Receivables and liabilities expressed in foreign currencies are recognized when incurred at the average exchange rate determined for a given currency by the National Bank of Poland as of the date immediately preceding that date.

As at the Balance Sheet date, foreign currency receivables and liabilities are measured at the average exchange rate determined for a given currency by the National Bank of Poland at that date.

2.9 Impairment of assets

As at each Balance Sheet date, it is verified whether there is any objective indication of impairment of an asset or a group of assets. If such an indication exists, the Company makes an estimate of the recoverable amount of the asset and recognizes an impairment loss at an amount of the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in profit or loss. If the effects of the previous revaluation of assets were charged to the revaluation reserve, the loss reduces the reserve and the remaining portion of the loss is recognized in the Profit and Loss Account.

2.10 Prepaid expenses and accruals

The Company recognizes prepaid expenses if they are related to future reporting periods. Accruals are recognized at the amount of probable liabilities pertaining to the current reporting period.

2.11 Provisions for liabilities

Provisions are liabilities with an uncertain due date or amount.

Retirement benefits

Under the Company's remuneration rules, employees are entitled to retirement benefits. Liabilities due to retirement benefits have been measured using the actuarial method and the discount rate based on market rate of return as at the end of the reporting period. Staff turnover is estimated based on historical data and expected staff levels.

2.12 Economic activity in Łódź Special Economic Zone

On 4 November 2013 the Company was granted permit No. 225 to operate in Łódź Special Economic Zone ('SEZ') and therefore is exempt from CIT due to the expenditures incurred in the Zone. The Company has fulfilled all the terms and conditions to become eligible for the tax exemption.

The income generated from the economic activities set out in the permit to operate in the economic zone is tax-exempt under Article 17.1.34 of the Corporate Income Tax Act.

The Company enjoys the tax exemption due to the new jobs it creates, in line with §3.1.2 of the Ordinance of the Council of Ministers on the criteria which need to be fulfilled to establish a special economic zone in a given area (Journal of Laws of 244, item 1477, as amended). The maximum amount of eligible expenses is PLN 45,460,396.80. The maximum amount of two-year labour costs is calculated based on the cost of labour of 390 newly hired employees.

In accordance with the permit, in Łódź SEZ the Company provides the following services set out in the Polish Classification of Goods and Services of the Central Statistical Office :

1. financial auditing services (69.20.1);

2. accounting services (69.20.2);accounting services (69.20.2);

3. research and experimental development services in social sciences and humanities (72.2)

4. Computer programming, consultancy and related services (62.0) excluding computer games software originals (62.01.21)

The Company started the calculation of eligible expenses which make up the limit of the tax exemption in Łódź SEZ in May 2015.

On 30 December 2016 the Company was granted a new permit No. 302 to carry out extended operations in Łódź SEZ. In the audited period the Company did not start the fulfilment of the requirements set out in the permit.

2.13 Income tax

Income tax is recognized in the Profit and Loss Account and it includes the current and the deferred portion.

The current income tax liability is calculated in accordance with the applicable tax regulations. The deferred portion recognized in the Profit and Loss Account is the difference between the opening and closing balances of the deferred tax liability and assets.

he deferred tax assets and liability related to transactions charged to equity are also charged to equity.

The deferred tax asset is recognized at the amount to be deducted from the income tax in the future, due to deductible temporary differences that will reduce the income tax basis in the future and the deductible loss, determined in accordance with the prudence principle. The deferred income tax is recognized in line with the National Accounting Standard 2.

The deferred tax liability is recognized in the amount of income tax payable in the future, arising from taxable temporary differences that will increase the income tax basis in the future.

The deferred tax assets and liability are determined by reference to the income tax rates effective in the year when the tax obligation arises.

The deferred tax liability and assets are not set off for the purposes of presentation in the financial statements.

2.14 Exchange differences

Exchange differences as at the Balance Sheet date arising from the measurement of assets and liabilities denominated in foreign currencies and resulting from payment of receivables or liabilities denominated in foreign currencies and sale of currency are classified to financial revenue or expenses, respectively, and where reasonable, to the cost of products, goods, as well fixed assets, fixed assets under construction and intangible assets.

Exchange rates applied to the measurement of items denominated in foreign currencies (in PLN).

Balance Sheet

in PLN

Particulars	31.03.2018	31.03.2017
AED	0.9244	1.0690
AUD	2.6288	3.0171
CHF	3.5812	3.9461
CZK	0.1659	0.1559
EUR	4.2085	4.2198
DKK	0.5646	0.5674
GBP	4.7974	4.9130
INR	0.0524	0.0608
NOK	0.4361	0.4601
HRK	0.5660	0.5673
MXN	0.1880	0.2113
SEK	0.4097	0.4419
US$	3.4139	3.9455
ZAR	0.2886	0.2955
RON	0.9034	0.9277
SGD	2.6064	2.8229
HUF	0.0135	0.0137
RUB	0.0594	0.0704
TRY	0.8625	1.0853

2.15 Financial instruments

2.15.1 Classification of financial instruments

Financial instruments are recognized and measured in line with the Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement methods, scope of disclosure and presentation of financial instruments. The financial asset measurement and disclosure principles as described below do not apply to financial instruments which do not fall within the scope of the Ordinance, including, in particular, shares in controlled entities, rights and obligations arising from lease and insurance contracts, trade receivables and liabilities and financial instruments issued by the entities and classified as their equity instruments.

Financial assets comprise :

- financial assets held for trading
- loans and receivables;
- financial assets held to maturity;
- financial assets available for sale.

Financial liabilities comprise :

- financial liabilities held for trading;
- other financial liabilities.

2.15.2 Principles of measurement and recognition of financial instruments

Financial assets are recognized in the accounting records at the contract date at cost, i.e. the fair value of expenses incurred or other assets transferred in exchange, whereas financial liabilities, at the fair value of the amount obtained or the value of other assets received. The fair value is determined as at that date considering the transaction costs incurred by the Company.

2.15.3 Financial assets held for trading

Financial assets held for trading include derivative financial instruments.

Financial assets held for trading are measured at fair value whereas the effects of periodic measurement of financial assets are classified as financial revenues or expenses of the reporting period during which the revaluation took place, respectively.

2.15.4 Loans and receivables

Loans and receivables include, regardless of their maturity, financial assets arising as a result of direct provision of cash to the other party to a contract.

Loans and receivables are measured at the amount due.

2.15.5 Financial assets available for sale

Financial assets available for sale are assets, other than derivatives, which have been classified to this category or have not been classified to any other category. Financial assets available for sale, whose fair value cannot be reliably determined, are measured at cost.

2.15.6 Financial liabilities

Financial liabilities held for trading, including derivatives which have not been designated as hedging instruments, are recognized at fair value, whereas gains and losses resulting from their measurement are recognized directly in the Profit and Loss Account.

Other financial liabilities are measured at adjusted cost, i.e. using the effective interest rate method.

2.16 Methods and key assumptions underlying the calculation of the fair value of financial assets and liabilities measured at such fair value

The fair value is the amount for which an asset could be exchanged and a liability settled on arm's length terms between willing and well-informed parties.

The fair value is calculated by estimation of the price of the financial instrument using generally accepted esimation methods.

Anantha Radhakrishnan *CEO*	Anup Kapoor *Member of the Board*
Kapil Jain *Member of the Board*	Nishit Ajitkumar Shah *Member of the Board*

Management Board
Person in charge of the accounting records

Łódź

April 27, 2018

Balance Sheet

in PLN

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets		58,222,383.51	59,804,636.64
Property, plant and equipment	2		
Fixed assets		5,663,419.25	9,748,413.87
buildings, premises, civil engineering structures		563,886.46	2,359,507.95
technical equipment and machines		4,474,917.63	6,269,988.04
other fixed assets		624,615.16	1,118,917.88
		5,663,419.25	9,748,413.87
Long-term investments	6		
Long-term financial assets		36,906,540.00	33,360,975.00
originated loans		–	–
in other entities		36,906,540.00	33,360,975.00
		36,906,540.00	33,360,975.00
Long-term prepayments			
Deferred tax assets	13.3	15,652,424.26	16,695,247.77
		15,652,424.26	16,695,247.77
Current assets		284,992,297.85	246,262,804.08
Short-term receivables			
Receivables from related parties		1,621,029.39	1,198,731.84
trade receivables	3.1	1,621,029.39	1,198,731.84
Receivables from other entities		63,422,025.02	78,141,494.04
trade receivables	3.2	60,927,614.50	68,296,463.47
due to tax, grants, customs duty, social insurance, health insurance and other benefits	3.4	468,356.02	8,645,172.42
other	3.4	2,026,054.50	1,199,858.15
		65,043,054.41	79,340,225.88
Short-term investments			
Short-term financial assets		219,824,990.89	166,480,517.59
in related parties	4.1	20,397,070.36	2,803,618.25
in other entities	4.2	25,110,858.90	45,121,561.65
cash and other monetary assets	4.3	174,317,061.63	118,555,337.69
		219,824,990.89	166,480,517.59
Short-term prepayments	5	124,252.55	442,060.61
TOTAL ASSETS		343,214,681.36	306,067,440.72

Equity and Liabilities

in PLN

Particulars	Note no.	As at March 31, 31.03.2018	As at March 31, 31.03.2017
Equity			
Share capital	7.1	2,500,000.00	2,500,000.00
Supplementary capital		241,336,404.63	187,640,238.78
Net profit / (loss)		34,766,928.39	53,696,165.85
		278,603,333.02	243,836,404.63
Liabilities and provisions for liabilities		64,611,348.33	62,231,036.09
Provisions for liabilities			
Deferred tax liability	13.3	367,837.69	75,013.70
Provision for retirement and similar benefits	8.1	17,288,793.81	15,449,327.11
– long-term		686,259.00	552,547.00
– short-term		16,602,534.81	14,896,780.11
Other provisions		2,563,171.00	1,850,000.00
– short-term	8.2	2,563,171.00	1,850,000.00
		20,219,802.50	17,374,340.81
Short-term liabilities			
To related parties		1,082,707.38	288,310.92
trade liabilities	9.1	1,082,707.38	288,310.92
To other entities		21,708,806.45	21,706,975.73
other financial liabilities	9.4	51,200.00	56,000.00
trade liabilities	9.2	1,833,398.34	2,165,233.16
liabilities due to tax, customs duty, insurance and other payments	9.3	11,769,963.66	10,902,142.53
salaries and wages		8,054,244.45	8,583,600.04
Special funds		491,180.35	580,556.48
		23,282,694.18	22,575,843.13
Accruals			
Other accruals		21,108,851.65	22,280,852.15
– long-term	10.1	8,343,583.77	9,311,833.87
– short-term	10.2	12,765,267.88	12,969,018.28
		21,108,851.65	22,280,852.15
TOTAL EQUITY AND LIABILITIES		343,214,681.36	306,067,440.72

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Łódź
April 27, 2018

Profit and Loss Account

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Net sales revenue and equivalent	11		
– from related parties		10,388,971.76	3,893,272.93
Net revenue from sales of services		288,238,979.55	295,047,621.77
		288,238,979.55	295,047,621.77
Operating expenses			
Amortization/depreciation		(5,217,639.53)	(6,052,866.93)
Materials and energy used		(791,056.64)	(971,853.48)
External services		(35,269,444.55)	(38,449,873.04)
Taxes and charges		(2,954,770.21)	(2,915,708.51)
Salaries and wage		(156,122,659.79)	(146,728,111.37)
Social security and other benefits		(34,807,028.38)	(33,523,928.33)
Other expenses		(4,291,895.23)	(12,795,993.70)
Value of goods and materials sold		(117,884.88)	(140,228.03)
		(239,572,379.21)	(241,578,563.39)
Profit on sales		48,666,600.34	53,469,058.38
Other operating revenue			
Revaluation of non-financial assets		961,542.57	470,546.52
Other		234,773.64	195,003.91
		1,196,316.21	665,550.43
Other operating expenses			
Loss on disposal of non-financial non-current assets		–	(645.52)
Revaluation of non-financial assets		(116,836.44)	–
Other		(123,171.33)	(88,459.78)
		(240,007.77)	(89,105.30)
Profit on operating activities		49,622,908.78	54,045,503.51
Financial revenue			
Interest	12	3,330,113.67	1,975,276.26
– from related parties		959,049.28	41,733.84
Other		1,498,000.00	698,699.29
		4,828,113.67	2,673,975.55
Financial expenses			
Interest		(2,566,889.07)	(17,771.07)
Loss on disposal of investment		(1,311,289.13)	–
Other		(7,122,240.35)	(2,455,471.21)
		(11,000,418.55)	(2,473,242.28)
Profit on economic activities		43,450,603.90	54,246,236.78
Gross profit		43,450,603.90	54,246,236.78
Income tax	13	8,683,675.51	(550,070.93)
Net profit		34,766,928.39	53,696,165.85

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April 27, 2018

Statement of Changes in Equity

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Opening balance of equity		243,836,404.63	190,140,238.78
Opening balance of share capital	7.1	2,500,000.00	2,500,000.00
Closing balance of share capital		2,500,000.00	2,500,000.00
Opening balance of supplementary capital		187,640,238.78	129,727,037.17
Changes in supplementary capital		53,696,165.85	57,913,201.61
increases		–	–
– profit distribution		53,696,165.85	57,913,201.61
Closing balance of supplementary capital		241,336,404.63	187,640,238.78
Net profit/loss			
net profit		34,766,928.39	53,696,165.85
Closing balance of equity		278,603,333.02	243,836,404.63
Equity, after proposed profit distribution	7.2	278,603,333.02	243,836,404.63

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April 27, 2018

Cash Flow Statement

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Cash flows from operating activities			
Net profit		34,766,928.39	53,696,165.85
Total adjustments			
Amortization / depreciation		5,217,639.53	6,052,866.93
Loss due to exchange diffrences		2,686,844.11	197,305.62
Interest		(2,980,385.84)	(2,110,733.24)
Gain / loss on investments	15.1	(1,388,300.00)	819,455.75
Changes in provisions		2,845,461.69	3,874,331.62
Changes in receivables		14,297,171.47	(9,194,214.79)
Changes in short-term liabilities, excluding loans	15.2	706,851.05	4,865,922.98
Changes in prepayments / accruals		188,631.07	(5,232,332.96)
Investments (in other entities)		(14,329,910.87)	–
Other adjustments	15.4	(104,900.00)	(1,518,155.12)
		7,139,102.21	(2,245,553.21)
Net cash from operating activities		41,906,030.60	51,450,612.64
Cash flows from investing activities			
Proceeds		62,896,884.02	125,042,561.62
Disposal of intangible assets and property, plant and equipment		–	645.62
From financial assets, including		61,508,584.02	124,764,729.54
In other entities		61,508,584.02	124,764,729.54
Proceeds from deposits maturing in more than three months		45,000,000.00	123,000,000.00
Investments		14,329,910.87	–
Interest		2,178,673.15	1,764,729.54
Other proceeds from investing activities		1,388,300.00	277,186.46
Payments		(49,041,190.68)	(72,880,211.14)
Acquisition of intangible assets and property, plant and equipment	15.3	(1,132,644.91)	(2,722,736.52)
For financial assets, including		47,908,545.77)	69,338,018.87)
In related parties		(19,362,980.77)	(3,000,923.87)
Loans		(19,362,980.77)	(3,000,923.87)
in other entities		(28,545,565.00)	(66,337,095.00)
Acquisition of financial assets		(28,545,565.00)	(66,337,095.00)
Other payments for investing activities		–	(819,455.75)
Net cash from investing activities		13,855,693.34	52,162,350.48
Cash flows from financing activities			
Proceeds		–	120,548.74
Subsidy		–	120,548.74
Net cash from financing activities		–	120,548.74
Total net cash flows		55,761,723.94	103,733,512.87
Net increase in cash		55,761,723.94	103,733,511.87
Opening balance of cash		118,555,337.69	14,821,825.82
Closing balance of cash	4.3	174,317,061.63	118,555,337.69

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April 27, 2018

Notes

1. Intangible assets

Change in the balance of intangible assets

in PLN

Particulars	Goodwill	Other intangible assets	Total
Gross value			
01.04.2017	21,445,874.68	462,667.52	21,908,542.20
Increases	–		–
Decreases	–	–	–
31.03.2018	21,445,874.68	462,667.52	21,908,542.20
Accumulated amortization			
01.04.2017	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Increases	–	–	–
Decreases	–	–	–
31.03.2018	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Net value			
01.04.2017	–	–	–
31.03.2018	–	–	–

2. Property, plant and equipment

2.1 Change in fixed assets

in PLN

Particulars	Buildings, premises, civil engineering structures	Technical equipment and machines	Other tangible items	Total
Gross value				
01.04.2017	10,563,154.52	21,280,730.73	5,075,758.55	36,919,643.80
Increases	–	1,040,754.91	91,890.00	1,132,644.91
Decreases	–	(211,874.48)		(211,874.48)
31.03.2018	10,563,154.52	22,109,611.16	5,167,648.55	37,840,414.23
Accumulated depreciation				
01.04.2017	(8,203,646.57)	(15,010,742.69)	(3,956,840.67)	(27,171,229.93)
Increases	(1,795,621.49)	(2,835,825.32)	(586,192.72)	(5,217,639.53)
Decreases	–	211,874.48		211,874.48
31.03.2018	(9,999,268.06)	(17,634,693.53)	(4,543,033.39)	(32,176,994.98)
Net value				
01.04.2017	2,359,507.95	6,269,988.04	1,118,917.88	9,748,413.87
31.03.2018	563,886.46	4,474,917.63	624,615.16	5,663,419.25

2.2 Fixed assets not depreciated

The value of fixed assets used by the Company under leases, rental or similar agreements, including operating leases, not recognized under assets is PLN 1,113.9 thousand (PLN 2,215.4 thousan in the prior reporting period). The gross value of such assets has been taken from lease, rental or similar agreements concluded.

3. Short-term receivables

3.1 Ageing analysis of short-term trade receivables from related parties

in PLN

Particulars	31.03.2018	31.03.2017
Maturing:		
Up to 12 months	1,621,029.39	1,198,731.84
	1,621,029.39	1,198,731.84
Balance of gross receivables	1,621,029.39	1,198,731.84
Balance of net receivables	1,621,029.39	1,198,731.84

3.2 Ageing analysis of short-term trade receivables from other entities

in PLN

Particulars	31.03.2018	31.03.2017
Maturing:		
Up to 12 months	60,908,397.50	67,958,194.54
Over 12 months	19,217.00	338,268.93
	60,927,614.50	68,296,463.47
Balance of gross receivables	61,551,699.89	69,200,356.49
Impairment loss on receivables	(624,085.39)	(903,893.02)
Balance of net receivables	60,927,614.50	68,296,463.47

3.3 Impairment losses on short-term trade receivables

in PLN

Particulars	Other entities
01.04.2017	903,893.02
Increases	624,085.39
Reversed	(903,893.02)
31.03.2018	624,085.39

3.4 Receivables from other entities

in PLN

Particulars	31.03.2018	31.03.2017
due to tax, grants, customs duty, social security, health insurance and other benefits	468,356.02	8,645,172.42
VAT	468,356.02	1,668,335.71
CIT	–	6,976,836.71
Other	2,026,054.50	1,199,858.15
	2,494,410.52	9,845,030.57

4. Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	31.03.2018	31.03.2017
Originated loans:	20,397,070.36	2,803,618.25
	20,397,070.36	2,803,618.25

Under agreement dated 8 October 2016, on 22 December 2016, the Company disbursed a loan to Infosys Technologies (China) Cp. Ltd, a related company, of US$ 700,000.00.

Under agreement dated 27 March 2017, on 11 May 2017, the Company disbursed a loan to Infosys Technologies (Shanghai) Cp. Ltd, a related company, of US$ 5,000,000.00.

4.2 Short-term financial assets in other entities

in PLN

Particulars	31.03.2018	31.03.2017
Deposits maturing in more than three months	25,005,958.90	45,121,561.65
Other short-term financial assets — forwards	104,900.00	–
	25,110,858.90	45,121,561.65

4.3 Cash and other monetary assets

in PLN

Particulars	31.03.2018	31.03.2017
Cash in hand and at bank	13,791,090.40	9,372,629.47
Other cash	160,525,971.23	109,182,708.22
	174,317,061.63	118,555,337.69

5. Short-term prepayments

in PLN

Particulars	31.03.2018	31.03.2017
Gifts / vouchers not handed out	4,460.00	30,250.00
Accident and civil liability insurance	36,875.00	47,213.17
Subscription / access to databases	64,183.46	265,457.31
Prepayments	22,105.71	113,606.23
Measurement	(3,371.62)	(14,466.10)
	124,252.55	442,060.61

6.

in PLN

Particulars	31.03.2018	31.03.2017
Financial assets available for sale		
Investment in Vertex Venture	30,780,990.00	19,585,425.00
Cloudyn investment	–	7,650,000.00
Tidalscale investment	6,125,550.00	6,125,550.00
	36,906,540.00	33,360,975.00

Under agreement dated 21 August 2015, the Company invested PLN 30,780,990.00 in Vertex Ventures.

The uncalled capital in the investment in Vertex Ventures is US$ 6,900,000.00 (PLN 23,555,910.00 at the exchange rate of 30 March 2018).

The investment in Cloudyn was sold and generated a loss of PLN 1,311,289.13.

Under agreement dated 4 August 2016, the Company invested PLN 6,125,550.00 in Tidalscale.

7. Equity

7.1 Ownership structure of the share capital

in PLN

Shareholder	Number of shares	Face value of shares	% interest
Infosys BPM Limited (previously : Infosys BPO Limited)	5,000	2,500,000	100%
	5,000	2,500,000	100%

7.2 Proposed distribution of profit for the financial year

The financial statements were drawn up before the decision regarding the distribution of profit for the current year was made. The Management Board has proposed that the profit for the financial year be used to increase the supplementary capital.

8. Provisions

8.1 Provisions for retirement and similar benefits

in PLN

Particulars	Retirement benefits	Other	Total
01.04.2017	552,547.00	14,896,780.11	15,449,327.11
Increases	686,259.00	16,602,534.81	17,288,793.81
Used	–	(14,896,780.11)	(14,896,780.11)
Reversed	(552,547.00)	–	(552,547.00)
31.03.2018	686,259.00	16,602,534.81	17,288,793.81
including :			
long-term	686,259.00	–	686,259.00
short-term	–	16,602,534.81	16,602,534.81
Other short-term provisions for employee benefits include (by basis) :			
– provision for unused annual leave		9,394,933.35	
– provisions for bonuses		6,075,623.80	
– provision for overtime		872,715.10	
– other provisions		259,262.56	
		16,602,534.81	

8.2 Other short-term provisions

Other short-term provisions have been made for any taxable interest on the returned subsidy.

in PLN

Particulars	Other	Total
01.04.2017	1,850,000.00	1,850,000.00
Increases	713,171.00	713,171.00
Used	–	–
31.03.2018	2,563,171.00	2,563,171.00

9. Short-term liabilities

9.1 Short-term trade liabilities to related parties of PLN 1,082,707.38 are due within 12 months from the Balance Sheet date.

9.2 Short-term trade liabilities to other entities of PLN 1,833,398.34 are due within 12 months from the Balance Sheet date.

9.3 Short-term liabilities due to taxes, customs duty, incurance and other benefits

in PLN

Particulars	31.03.2018	31.03.2017
PIT-4 settlements	2,129,180.12	2,072,930.48
Social security settlements	9,501,785.38	8,829,212.05
CIT-8 settlements	19,055.91	–
WHT settlements	119,942.25	–
	11,769,963.66	10,902,142.53

9.4 Short-term liabilities — other financial liabilities to other entities

in PLN

Particulars	31.03.2018	31.03.2017
Measurement of financial instruments	51,200.00	56,000.00
	51,200.00	56,000.00

10. Other accruals

10.1 Long-term accruals

in PLN

Particulars	31.03.2018	31.03.2017
Deferred discount received due to a rent — long-term portion	8,343,583.77	9,311,833.87
	8,343,583.77	9,311,833.87

10.2 Short-term accruals

in PLN

Particulars	31.03.2018	31.03.2017
Provision for the costs of business trips	81,119.66	147,351.00
Deferred discount received due to a rent — short-term portion	942,019.74	1,527,278.64
Deferred income — EU subsidy	8,130,452.55	8,130,452.55
Other	3,611,675.93	3,163,936.09
	12,765,267.88	12,969,018.28

11. Sales revenue

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Geographic information		
Revenue from sales of services		
Domestic	35,004,276.73	31,967,331.52
Exports	253,234,702.82	263,080,290.25
	288,238,979.55	295,047,621.77
Revenue by type		
Revenue from sales of products		
Services	288,238,979.55	295,047,621.77
	288,238,979.55	295,047,621.77

12. Interest income

(including those arising from debt financial instruments, loans and receivables)

from April 1, 2017 to March 31, 2018

in PLN

Particulars	Realized interest	Unrealized interest, due within			
		up to 3 months	3–12 months	over 12 months	Total
Loans and receivables	2,185,137.95	343,263.01	801,712.71	–	3,330,113.67
	2,185,137.95	343,263.01	801,712.71	–	3,330,113.67

from April 1, 2016 to March 31, 2017

in PLN

Particulars	Realized interest	Unrealized interest, due within			
		up to 3 months	3–12 months	over 12 months	Total
Loans and receivables	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

13. Corporate income tax

13.1 CIT structure

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Current income tax	6,992,250.00	4,993,210.00
Additional prior year tax liabilities	355,778.00	(89,202.00)
Change in deferred income tax	1,335,647.51	(4,353,937.07)
	8,683,675.51	550,070.93

13.2 Calculation of corporate income tax

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Gross profit	43,450,603.90	54,246,236.78
Increases in the tax basis	41,311,237.09	35,165,791.73
Decreases in the tax basis	33,346,856.92	34,348,392.66
Taxable income	51,414,984.07	55,063,635.85
Tax basis	51,414,984.07	55,063,635.85
Income tax	9,768,847.00	10,462,091.00
SEZ tax credit	(2,776,597.00)	(5,468,880.00)
Income tax recognized in profit or loss	6,992,250.00	4,993,211.00

13.3 Deferred income tax

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Deductible temporary differences :		
Provision for annual leave	9,394,933.35	7,864,799.94
Provision for bonuses, overtime, retirement and disability benefits	6,075,623.80	5,822,581.07
Accrued exchange losses	2,963,329.61	1,623,863.79
Provisions for other costs	21,448,136.03	23,105,890.57
Fixed assets	2,882,451.78	847,301.35
Measurement of derivatives	–	67,500.00
SEZ tax credit	39,616,707.37	48,537,788.40
	82,381,181.94	87,869,725.12
Gross deferred tax assets	15,652,424.26	16,695,247.77
Net deferred tax assets	15,652,424.26	16,695,247.77
Taxable temporary differences :		
Accrued exchange gains	445,005.07	48,805.25
Measurement of derivatives	531,930.13	–
Interest accrued on deposits	959,049.29	346,003.71
	1,935,984.49	394,808.96
Deferred tax liability	367,837.05	75,013.70
Deferred tax assets recognized in the Balance Sheet	15,652,424.26	16,695,247.77
Deferred tax liability recognized in the Balance Sheet	367,837.05	75,013.70
Net Balance Sheet change in deferred tax assets/liability	(1,335,647.50)	4,353,937.07
Change in deferred tax charged to profit or loss	(1,335,647.50)	4,353,937.07

14. Expenditure on non-current non-financial assets

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Expenditure on non-current non-financial assets :		
– incurred in the current year	1,132,644.91	2,180,715.65
– planned	1,200,000.00	8,220,295.38

15. Explanations to the cash flow statement

15.1 (Gain)/loss on investments

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Other — (gain)/loss on forwards	(1,388,300.00)	819,455.75
	(1,388,300.00)	819,455.75

15.2 Change in short-term liabilities (except for credit facilities and loans)

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Change in short-term liabilities	706,851.05	2,805,628.94
Change in liabilities due to acquisition of property, plant and equipment and investments	154,948.92	542,138.92
Change in other financial liabilities due to measurement of forwards	109,700.00	1,518,155.12
	971,499.97	4,865,922.98

15.3 Acquisition of intangible assets and property, plant and equipment

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Increases in fixed assets	(1,132,644.91)	(2,180,715.65)
Change in fixed assets under construction	–	118.05
Change in liabilities due to acquisition of property, plant and equipment	(154,948.92)	(542,138.92)
	(1,287,593.83)	(2,722,736.52)

15.4 Other adjustments

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Other — due to measurement of forwards	(109,700.00)	(1,518,155.12)
	(109,700.00)	(1,518,155.12)

16. Related party transactions

16.1 Payment of receivables and liabilities as at the Balance Sheet date

in PLN

Particulars	Liabilities	Receivables	Loans to
Infosys Ltd, India	72,247.87	1,340,421.28	–
Infosys BPM Limited, India (previously : Infosys BPO Limited) (including the agencies in the Netherlands, UK and Singapore)	24,019.01	280,608.11	–
Edgeverve	935,309.67	–	–
Infosys (Czech Republic) Limited s.r.o.	51,130.83	–	–
Infosys Technologies (China) Company Limited	–	–	2,518,055.19
Infosys Technologies (Shanghai) Company Limited	–	–	17,879,015.17
	1,082,707.38	1,621,029.39	20,397,070.36

16.2 Revenue from related party transactions in the financial year

in PLN

Particulars	Sales revenue
Infosys Ltd, India	7,421,049.72
Infosys BPM Limited, India	2,967,922.04
	10,388,971.76

16.3 Cost of related party transactions in the financial year

in PLN

Particulars	Purchase of services
Infosys Ltd, India	162,420.90
Infosys (Czech Republic) Limited s.r.o.	659,217.96
Infosys BPM Limited (previously : Infosys BPO Limited), India (including the agencies in the Netherlands, UK and Singapore)	445,944.72
Portland Group Ltd	(126,384.34)
Edgeverve Systems Limited, India	1,243,153.95
	2,384,353.19

17. Material related-party transactions concluded by the Company on non-arm's length terms

There were not material related-party transactions that would be concluded on non-arm's length terms.

18. Staff

Average number of staff in the financial year

Office employees	2,464
	2,464

19. Salaries, loans and similar benefits to members of management, supervisory and administrative bodies

In the current and prior reporting periods, members of the management, supervisory and administartive bodies did not receive any loans or similar benefits. Moreover, during the current year such persons did not receive any salary.

20. Fee paid or payable to the entity authorized to audit financial statements

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Fee for the audit of annual financial statements	56,307.15	101,275.20

21. Events pertaining to prior years disclosed in the financial statements for the current year

The financial statements for the financial year do not include any events pertaining to prior years.

22. Post-Balance Sheet events not recognizsed in the financial statements

There were no material post-Balance Sheet events not recognized in the financial statements.

23. Consolidated financial statements

The consolidated financial statements at the highest level of the capital group, within which the Company operates as a subsidiary, are prepared by Infosys Limited with its registered office in India, Electronics City, Hosur Road, Bengaluru.

The consolidated financial statements at the lowest level of the capital group, within which the Company operates as a subsidiary, which also belongs to the capital group referred to above, are prepared by Infosys BPM Limited (previously : Infosys BPO Limited) with its registered office in India, Electronics City, Hosur Road, Bengaluru.

24. Contingent liabilities

The Company has issued a blank promissory note in the amount of PLN 13,106,073.60 to secure the repayment of the subsidy given by the Ministry of Economy under the subsidy contract 'Development of accounting and IT services and establishment of a R&D Department' dated 10 December 2012.

As at the end of the reporting period the subsidy totalled PLN 8,130,452.55.

Regulations on VAT, CIT, PIT and social security premiums are subject to frequent changes, which leads to absence of references to sustainable regulations or legal precedence. The regulations in force contain ambiguous provisions, which lead to differences in opinion concerning the legal interpretation of tax legislation both among the tax authorities and between such authorities and enterprises. Tax authorities can audit tax returns and other settlements (e.g. regarding customs duty or foreign currency) and impose high penalties. Any additional liability amounts assessed during tax inspections bear high interest. Consequently, the tax risk in Poland is higher as compared to countries with more developed tax systems.

Tax returns are subject to audit over a period of five years. Therefore, the amounts presented in the financial statements may change at a later date as a result of final assessments made by the tax authorities.

25. Financial instruments

25.1 Financial risk management objectives and policy

The Company's business is exposed to the following risks resulting from the financial instruments held :

- Credit risk
- Liquidity risk
- Market risk

Key risk management policies

It is the responsibility of the Management Board to implement and manage a risk management policy in the Company. This includes identification and analysis of risk that the Company is exposed to, setting the limits and control mechanisms as well as monitoring risk and matching the limits. Risk management rules and procedures are reviewed on a regular basis in order to take into account changes in the arm's length terms and changes in the Company's business activity.

Credit risk

Credit risk is the risk that the Company may incur a financial loss if the client or any other party to the financial instrument defaults on its obligations under the contract. Credit risk is mainly related to debt financial instruments. The objective of risk management is to adopt a policy whereby parties to contracts are set credit limits, in order maintain a stable and well-balanced loan portfolio, both in terms of the quality and value of the liabilities.

More information about the credit risk has been given in Note 25.5.

Liquidity risk

Liquidity risk is the risk that the Company will have problems meeting its obligations related to financial liabilities by making payment in cash or transferring other financial assets. Liquidity management ensures that the Company's liquidity is sufficient to pay its liabilities in the ordinary course of business and during times of crisis without suffering unacceptable losses, including the loss of reputation.

Market risk

Market risk results from changes in market prices, such as exchange rates and interest rates, having an impact on the Company's performance or the value of its financial instruments. The objective of market risk management is to keep and control the Company's exposure within defined limits while reaching the optimum return on investment. With a view to managing the market risk, the Company acquires and sells derivatives.

a) Currency risk

The Company is exposed to currency risk related to sales, purchases and loans in foreign currencies, mainly US$ and EUR. The Company mitigates the currency risk with FX purchase and sale forwards.

b) Interest rate risk

The Company is exposed to the risk of fluctuations in the fair value due to fixed-interest-rate assets.

25.2 Description of financial instruments

in PLN

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
Cash	in hand and at bank	13,791,090.40	not applicable
Cash	deposits	45,150,793.15	interest of 1.51%; maturing by 2018-05-02
		25,005,958.90	interest of 1.45%; maturing by 2018-07-04
		30,147,780.82	interest of 1.55%; maturing by 2018-04-03
		25,133,698.63	interest of 1.60%; maturing by 2018-04-03
		60,093,698.63	interest of 1.50%; maturing by 2018-06-04
Other short-term financial assets — forwards	derivatives	104,900.00	maturing from 04.2018 to 03.2018
Financial assets	Investment in Vertex Venture	30,780,990.00	
available for sale	Tidalscale investment	6,125,550.00	

25.3 Carrying amount of financial instruments measured at fair value

The carrying amount of financial instruments measured at fair value is PLN 53,700.00 (positive value). The Profit and Loss Account for the reporting period (specifically, other financial revenue) was increased by PLN 1,498,000.00.

25.4 Interest rate risk

in PLN

Financial instruments:	31.03.2018 carrying amount	31.03.2017 carrying amount
Fixed interest rate		
Financial assets including:	205,929,000.49	157,149,621.96
loans	20,397,070.36	2,845,352.09
deposits	185,531,930.13	154,304,269.87

Changes in the effective interest rates of financial instruments with floating interest rates follow changes in the market interest rates, e.g. 1M WIBOR and 3M WIBOR or other reference interest rates.

25.5 Credit risk

The Company's maximum exposure to the credit risk is expressed as the carrying amount of the following financial assets:

in PLN

Financial assets:	31.03.2018 carrying amount	31.03.2017 carrying amount
Loans	20,397,070.36	2,845,352.09
Trade receivables	62,548,643.89	69,495,195.31
Other short-term financial assets : Deposits	25,005,958.90	45,121,561.65
Cash : Deposits	160,525,971.23	109,182,708.22
Cash : Other	13,791,090.40	9,333,409.17
Financial assets available for sale	36,906,540.00	33,360,975.00
	319,175,274.78	269,339,201.44

As at the Balance Sheet date, there was no significant concentration of credit risk in relation to the above financial assets, except for cash which has been deposited in two financial institutions. The Company deems its overall exposure to credit risk as low due to high and stable credit ratings of the institutions (Baa2 and A3).

26. Fair value of financial assets and liabilities

The fair value of instruments which are not measured at fair value is similar to their carrying amount.

Anantha Radhakrishnan
CEO

Kapil Jain
Member of the Board

Anup Kapoor
Member of the Board

Nishit Ajitkumar Shah
Member of the Board

Management Board
Person in charge of the accounting records

Łódź

April 27, 2018

INFOSYS CONSULTING AG

Report of the Statutory Auditor

To the General Meeting of Infosys Consulting AG, Kloten

Report of the Statutory Auditor on the Financial Statements

As statutory auditors, we have audited the accompanying financial statements of Infosys Consulting AG, which comprise the Balance Sheet as at December 31, 2017, and the Income Statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these 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 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, 2017 comply with Swiss law and the Company's Articles of Incorporation.

Other Matter

The financial statements of the Company for the year ended December 31, 2016 were audited by another auditor whose report, dated March 31, 2017, expressed an unqualified opinion on those financial statements.

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 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Para 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 Swiss Law and the Company's Articles of Incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Marco Hoogendijk	Ueli Sturzenegger
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, 28 March 2018

MHO/UST/sal

Enclosures

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

Balance Sheet

in CHF

Particulars	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	2,191,264.84	1,715,025.53
Receivables from third parties	4,658,909.01	12,985,745.59
Receivables from other group companies	11,519,510.36	10,893,861.27
Other short-term receivables	1,454,802.70	2,108,056.78
Prepaid expenses and accrued income	5,013,603.23	7,122,882.81
Total current assets	24,838,090.14	34,825,571.98
Loans to other group companies	1,465,008.91	1,395,246.58
Investments	65,118.06	65,118.06
Tangible assets	205,530.47	606,847.73
Total non-current assets	1,735,657.44	2,067,212.37
Total assets	26,573,747.58	36,892,784.35
LIABILITIES AND EQUITY		
Accounts payable to third parties	1,018,781.19	1,323,084.96
Accounts payable to other group companies	455,381.52	373,360.69
Other short-term liabilities	1,472,176.58	2,360,858.31
Accrued expenses and deferred income	7,725,668.25	16,906,205.78
Total short-term liabilities	10,672,007.54	20,963,509.74
Loans from parent	5,536,565.22	7,870,121.29
Total long-term liabilities	5,536,565.22	7,870,121.29
Total liabilities	16,208,572.76	28,833,631.03
Share capital	120,000.00	120,000.00
Statutory retained earnings	60,000.00	60,000.00
Voluntary retained earnings	7,879,153.32	8,023,468.70
Net profit / (loss) for the year	2,306,021.50	(144,315.38)
Total equity	10,365,174.82	8,059,153.32
Total liabilities and equity	26,573,747.58	36,892,784.35

Income Statement

in CHF

Particulars	Years ended December 31,	
	2017	2016
Consulting revenue	39,664,747.85	52,338,258.85
Other service revenue	31,240,141.60	46,297,302.88
Revenue discounts	(659,808)	(1,992,484.34)
Trade revenue, net	70,245,081.92	96,643,077.39
Total cost of services	(27,248,445)	(40,850,649.78)
Gross profit	42,996,636.91	55,792,427.61
Personnel expenses	(36,769,202)	(50,555,042.71)
Office rental fees	(790,112)	(950,621.38)
Maintenance, repair and IT expenses	(758,788)	(1,409,025.69)
Depreciation and amortization	(270,277)	(559,289.94)
Administration and general expenses	(213,121)	(242,235.88)
Consulting (Accounting, tax, legal) expenses	(588,238)	(855,828.18)
Marketing expenses	(321,595)	(393,265.50)
Total operating expenses	(39,711,333)	(54,965,309.28)
Earnings before interest and taxes (EBIT)	3,285,304.12	827,118.33
Financial expenses	(145,520)	(886,000.92)
Financial income	(15,253)	146,738.09
Net financial result	(160,774)	(739,262.83)
Extraordinary expenses	(91,367)	(5,136.52)
Extraordinary income	75,465.10	311,092.11
Net extraordinary result	(15,902)	305,955.59
Earnings before tax (EBT)	3,108,628.30	393,811.09
Tax expenses	(802,607)	(538,126.47)
Net profit / (loss) for the year	2,306,021.50	(144,315.38)

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, to enable 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 from fixed-price, fixed-timeframe contracts is recognized as per the percentage-of-completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. 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 may be 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 Limited, 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.

2. Information on Balance Sheet and Income Statement items

2.1 Investments

Particulars		As at December 31,	
		2017	2016
Infosys Consulting S.R.L., 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

in CHF

Particulars	As at December 31,	
	2017	2016
Installations and equipment	35,787.48	132,905.07
Vehicles	169,742.99	473,942.66
TOTAL	205,530.47	606,847.73

2.3 Other short-term liabilities

in CHF

Particulars	As at December 31,	
	2017	2016
Liabilities due to third parties	1,472,176.58	2,360,858.31
Liabilities due to pension fund	–	–
Liabilities due to governing bodies (auditors)	–	–
TOTAL	1,472,176.58	2,360,858.31

2.4 Share capital

As at December 31, 2017, the share capital consists of 1,200 equity shares of CHF 100 / par value.

3. Other Information

3.1 Full-time equivalents

The annual average number of full-time equivalents was below 250 similar to the previous reporting year.

3.2 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than 12 months or which cannot be canceled within the next 12 months is as follows:

in CHF

Up to 1 year	976,749.96	976,749.96
1–5 years	1,709,312.43	2,686,062.39
More than 5 years	–	–
TOTAL	2,686,062.39	3,662,812.35

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.

3.3 Summary of hidden reserves

Increase/(dissolution) of Hidden Reserve: CHF (540,554.16.)

in CHF

Accounts receivable	508,999.99	1,049,554.15
Fixed assets	–	–
Provisions / accruals	–	–
Total	508,999.99	1,049,554.15

Proposal on the appropriation of available earnings

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

in CHF

Particulars	31.12.2017	31.12.2016
Voluntary retained earnings (brought forward)	7,879,153.32	8,023,468.70
Net profit / (loss) for the year	2,306,021.50	(144,315.38)
Total voluntary retained earnings	10,185,174.82	7,879,153.32
Allocation to legal reserve (5%)	–	–
Dividend	–	–
To be carried forward	10,185,174.82	7,879,153.32

INFOSYS TECHNOLOGIES (SHANGHAI) COMPANY LIMITED

Auditors' Report

De Shi Bao (Shen) Zi (18) No. P02625

The Board of Directors of Infosys Technologies (Shanghai) Company.. Limited :

1. Opinion

We have audited the accompanying financial statements of Infosys Technologies (Shanghai) Company. Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2017, the Income Statement, the Cash Flow Statement, and the Statement of Changes in Owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company is prepared and present fairly, in all material respects, the Company's financial position as of December 31, 2017, and the Company's results of operation and cash flow for the year ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for opinion

We conducted our audit in accordance with China Standards on Auditing. 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 code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

3. Responsibilities of the Management and those charged with governance for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

4. 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 solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) 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.

(2) 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 internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) 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.

(5) 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 communicated 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.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

Chinese Certified Public Accountant

Shanghai, China

April 4, 2018

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Balance Sheet

in RMB

Particulars	Notes VII	As at December 31,	
		2017	2016
ASSETS			
Current assets			
Cash and bank balances	1	47,299,662.70	24,283,407.72
Accounts receivable	2	95,125,542.22	27,569,604.40
Prepayments		96,855.34	28,359.63
Other receivables	3	751,451.09	604,963.00
Other current assets	4	25,542,506.21	30,334,956.31
Total current assets		168,816,017.56	82,821,291.06
Non-current assets			
Fixed assets	5	689,273,113.51	723,400,914.10
Construction in progress	6	154,767,078.02	142,111,406.98
Intangible assets	7	61,702,020.30	63,112,860.21
Long-term deferred expenses	8	42,706,840.90	86,105,771.42
Total non-current assets		948,449,052.73	1,014,730,952.71
Total assets		1,117,265,070.29	1,097,552,243.77

in RMB

LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	9	82,671,000.00	–
Accounts payable		33,810,930.10	22,697,377.37
Employee benefits payable	10	31,168,982.64	–
Taxes payable	11	5,718,182.56	–
Interest payable		2,758,414.67	–
Other payables		92,786,544.86	192,718,098.13
Non-current liabilities, current portion	12	1,284,124.00	1,284,124.00
Other current liabilities		9,058,797.87	1,309,544.81
Total current liabilities		259,256,976.70	218,009,144.31
Non-current liabilities			
Other non-current liabilities	12	42,991,136.00	44,275,256.00
Total liabilities		302,248,112.70	262,284,400.31
Owners' equity			
Paid in capital	13	956,355,558.48	876,681,198.48
Accumulated losses		(141,338,600.89)	(41,413,355.02)
Total owners' equity		815,016,957.59	835,267,843.46
Total liabilities and owners' equity		1,117,265,070.29	1,097,552,243.77

The accompanying notes form part of the financial statements.

The financial statements were signed by the following:

Head of the Company *Chief Financial Officer* *Head of Accounting*

Statement of Income

in RMB

	Particulars	Notes VII	Years ended December 31,	
			2017	2016
I.	Operating income	14	289,840,002.73	24,992,405.65
	Less : Operating costs		351,562,953.23	26,449,148.10
	Administrative expenses		37,020,879.27	10,829,175.31
	Selling expenses		413,791.15	–
	Financial expenses (income)	15	753,570.51	(2,688,293.73)
	Impairment losses	16	1,299,984.79	164,605.25
II.	Operating loss	19	(101,211,176.22)	(9,762,229.28)
	Add : Non-operating income	17	1,285,930.35	892,239.43
	Loss before taxation		(99,925,245.87)	(8,869,989.85)
III.	Less : Income tax expense	18	–	–
IV.	Net loss for the year		(99,925,245.87)	(8,869,989.85)
V.	Other comprehensive loss, net of tax		–	–
VI.	Total comprehensive loss for the year		(99,925,245.87)	(8,869,989.85)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

in RMB

	Particulars	Notes VII	Years ended December 31, 2017	2016
I.	Cash flows from operating activities			
	Proceeds from rendering of services		234,093,054.23	305,379.04
	Proceeds from other operating activities		1,941,546.30	–
	Sub-total of cash inflows		236,034,600.53	305,379.04
	Payment for services		8,104,698.46	–
	Payment to and for employees		211,863,116.21	–
	Payment of various taxes		4,044,165.66	390,033.20
	Payment for other operating activities		11,693,154.51	9,304,049.16
	Sub-total of cash outflows		235,705,134.84	9,694,082.36
	Net cash outflow from operating activities	20	329,465.69	(9,388,703.32)
II.	Cash flows from investing activities			
	Proceeds from other investing activities		–	111,808.50
	Sub-total of cash inflows		–	111,808.50
	Payment for acquisition of fixed assets and other long-term deferred expenses		141,293,700.07	243,283,637.25
	Sub-total of cash outflows		141,293,700.07	243,283,637.25
	Net cash outflow from investing activities		(141,293,700.07)	(243,171,828.75)
III.	Cash flows from financing activities			
	Proceeds from investors		79,674,360.00	180,652,498.48
	Proceeds from borrowings		82,671,000.00	–
	Sub-total of cash inflows		162,345,360.00	180,652,498.48
	Net cash inflow from financing activities		162,345,360.00	180,652,498.48
IV.	Effect of exchange rate changes		1,635,129.36	2,576,485.23
V.	Net increase / (decrease) in cash and cash equivalents	20	23,016,254.98	(69,331,548.36)
	Add: Cash and cash equivalents at the beginning of the year		24,283,407.72	93,614,956.08
VI.	Cash and cash equivalents at the end of the year	20	47,299,662.70	24,283,407.72

The accompanying notes form part of the financial statements.

Statement of Changes in Owners' Equity

in RMB

	Particulars	Year ended December 31, 2017		
		Paid-in capital	Accumulated losses	Total owners' equity
I.	Balance at January 1, 2017	876,681,198.48	(41,413,355.02)	835,267,843.46
II.	Changes in equity during the year			
	(1) Total comprehensive income	–	(99,925,245.87)	(99,925,245.87)
	(2) Owner's contributions	79,674,360.00	–	79,674,360.00
	Balance at December 31, 2017	956,355,558.48	(141,338,600.89)	815,016,957.59
I.	Balance at January 1, 2016	696,028,700.00	(32,543,365.17)	663,485,334.83
II.	Changes in equity during the year			
	(1) Total comprehensive income	–	(8,869,989.85)	(8,869,989.85)
	(2) Owner's contributions	180,652,498.48	–	180,652,498.48
	Balance at December 31, 2016	876,681,198.48	(41,413,355.02)	835,267,843.46

The accompanying notes form part of the financial statements.

I. Basic information

Infosys Technologies (Shanghai) Company., 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).

In 2012, The Company's Board of Directors resolved to increase the Company's registered capital from US $20,000,000 to US $150,000,000. The Company obtained a revized 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 revized 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.

II. Basis for the preparation of financial statements

Going concern

The Management has asscessed the Company's ability to continue as a going concern for the 12 months commercing December 31, 2017, and noticed no items will raise substantial doubt about its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

III. Statements of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises ('ASBE'), and present truly and completely, the Company's financial position as of December 31, 2017, and the Company's results of operations and cash flows for the year ended.

IV. Significant accounting policies and accounting estimates

The following significant accounting policies and accounting estimates are determined in accordance with ASBE.

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

2. Functional currency

RMB is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is RMB.

Renminbi ('RMB') is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as its functional currency and adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows :

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

4. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

5.1. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (including a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

5.2. Classification, recognition and measurement of financial assets

On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Company's financial assets mainly represent loans and receivables, available-for-sale financial assets.

Financial assets at fair value through profit or loss include financial assets held for trading and those designated as at fair value through profit or loss.

The financial assets held by the Company are mainly classified to loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include accounts receivable.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

5.3. Impairment of financial assets

The Company assesses at each Balance Sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
3. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
4. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
5. The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
6. Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
   - Adverse changes in the payment status of borrowers in the group;
   - Economic conditions in the country or region of the borrower which may lead to a failure to pay the company of assets;
7. Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
8. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
9. Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets measured at mortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

5.4. Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Company are classified in accordance with the economic substance of the contractual arrangements instead of the legal form as well as the definitions of a financial liability and an equity instrument; on initial recognition, financial instruments or their component parts are classified as either financial liabilities or equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company's financial liabilities mainly represent other financial liabilities.

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

The financial liabilities held by the Company mainly include other financial liabilities.

Other financial liabilities

Other financial liabilities, except liabilities of financial guarantee contracts, are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

5.5. Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability or part of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

5.6. Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the Balance Sheet. Otherwise, financial assets and financial liabilities are separately presented on the Balance Sheet without offsetting.

6. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Company and the subsequent expenditures can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful life	Residual value rate	Annual depreciation rate
Computer equipment	3-5 years	0%	20-33%
Office equipment	5 years	0%	20%
Building	25 years	0%	4%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

7. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

8. Intangible assets

Intangible assets include land use right.

An intangible asset is initially measured at cost. An intangible asset with a finite useful life is amortized using the straight-line method over its useful life when the asset is available for use.

The Company reviews the useful life and amortization method at least at each financial year-end. A change in the useful life or the amortization method used is accounted for as a change in an accounting estimate.

The amortization period for such intangible asset is as follows:

	Amortization period
Land use right	50 years

9. Long-term deferred expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

Long-term deferred expenses include leasehold improvement, which are amortized on the straight-line method over their beneficial period of 2 years.

10. Impairment of non-financial assets

The Company reviews the fixed assets, construction in progress and other long-term assets at each Balance Sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

11. Employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Company. Staff welfare expenses incurred by the Company are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Company of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

During the accounting period of rendering service to employees of the Company, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Company cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Company recognizes any related restructuring costs or expenses.

12. Revenue recognition

Revenue is recognized when the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the enterprise; the stage of completion of the transaction can be determined reliably; and the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognized using the percentage of completion method at the Balance Sheet date. The stage of completion of a transaction for rendering for services is determined based on work performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

13. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Company at no consideration. A government grant is recognized only when the Company can comply with the conditions attaching to the grant and the Company will receive 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.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income over the periods in which the related costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss.

A government grant related to the Company's daily activities is recognized in other income or written off related cost and expense based on the nature of economic activities; a government grant is not related to the Company's daily activities is recognized in non-operating income and expenses.

14. Income taxes

Tax expense comprises current tax expense.

14.1. Current income taxes

At the Balance Sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

14.2. Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the Balance Sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the Balance Sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in owners' equity, in which case they are recognized in other comprehensive income or in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the Balance Sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

14.3. Income tax offsetting

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

15. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the Balance Sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the Balance Sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the Balance Sheet date and those on initial recognition or at the previous Balance Sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income and included in capital reserve.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

16. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

16.1 The Company as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

V. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the Company's accounting policies, which are described in Note IV, the Company is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Company's Management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgements, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

The following are the key assumptions and uncertainties in accounting estimates at the Balance Sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

Deferred tax assets

The Management of the Company considers that it is uncertain for the Company to obtain enough income tax payable in the future, so the Company did not recognize RMB 106,034,515.56 of deductible losses as deferred tax assets at the end of this year according to Note VII. 18.

Impairment of receivables

According to Note IV. 5, the Company will examine the book value of receivables at each Balance Sheet date to recognize impairment loss when it is higher than the expected cash flow which is recognized by applying judgment and estimate.

Useful life and expected residual value of fixed assets

According to Note IV. 6, the Company reviews the useful life and expected residual value of fixed assets at the end of each year at least. The useful life and expected residual value of fixed assets are estimated based on historical experience in actual useful life and residual value of fixed assets with similar nature and function and may be changed significantly due to technical renovation. The Company will change accounting estimate when the expected useful life and expected net residual value of fixed assets are different from the previous ones.

VI. Taxation

Value-added tax

Value added tax ('VAT') on sales is calculated at 6% on revenue of rendering of serivices according to the relevant requirements of tax laws and paid after deducting input VAT on purchases.

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

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 25% (in 2016 : 25%). The Company has cumulative operating loss as at December 31, 2017. Therefore, no income tax is provided.

Other taxes

Urban maintenance and construction tax is levied at 5% of the paid-in turnover tax.

Educational surcharge is levied at 3% of the paid-in turnover tax.

Local educational tax is levied at 2% of the paid-in turnover tax.

River management charges are levied at 1% of the paid-in turnover tax.

VII. Notes to financial statements

1. Cash and bank balances

in RMB

Particulars	As at December 31,	
	2017	2016
Deposits with banks	47,299,662.70	24,283,407.72

2. Accounts receivable

(1) The customer analysis of accounts receivable is as follows :

in RMB

Particulars	As at December 31,	
	2017	2016
Amounts due from related parties	64,953,884.21	–
Amounts due from other customers	31,636,251.91	27,734,209.65
Less : Provision for bad and doubtful debts	(1,464,593.90)	(164,605.25)
Total	95,125,542.22	27,569,604.40

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

in RMB

Particulars	As at December 31,							
	2017				2016			
Aging	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1 year	96,590,136.12	100.00	(1,464,593.90)	95,125,542.22	27,734,209.65	100.00	(164,605.25)	27,569,604.40

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

Particulars	As at December 31,	
	2017	2016
	RMB	RMB
Balance at the beginning of the year	164,605.25	–
Provision during the year	1,299,984.79	164,605.25
Exchange difference	3.86	–
Balance at the end of the year	1,464,593.90	164,605.25

3. Other receivables

The ageing analysis of other receivables is as follows:

in RMB

Particulars	As at December 31,							
	2017				2016			
Ageing	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1 year	215,678.09	28.70	–	215,678.09	478,163.00	79.04	–	478,163.00
1 to 2 years	–	–	–	–	–	–	–	–
2- 3 years	535,773.00	71.30	–	535,773.00	126,800.00	20.96	–	604,963.00
Total	751,451.09	100.00	–	751,451.09	604,963.00	100.00	–	478,163.00

4. Other current assets

in RMB

Particulars	As at December 31, 2017	As at December 31, 2016
Deductible input VAT	25,542,506.21	30,334,956.31

5. Fixed assets

in RMB

Particulars	Electronic equipment	Office equipment	Building	Total
Cost				
January 1, 2016	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
Transfer from Construction in progress	16,055,294.82	19,438,124.37	682,508,866.84	718,002,286.03
December 31, 2016	19,993,090.52	24,599,188.78	682,508,866.84	727,101,146.14
Additions during the year	833,021.82	1,260,359.22	33,347.00	2,126,728.04
Balance at December 31, 2017	20,826,112.34	25,859,548.00	682,542,213.84	729,227,874.18
Accumulated depreciation				
January 1, 2016	(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)
December 31, 2016	(1,330,775.68)	(2,369,456.36)	–	(3,700,232.04)
Charge for the year	(4,206,160.74)	(4,746,901.62)	(27,301,466.27)	(36,254,528.63)
Balance at December 31, 2017	(5,536,936.42)	(7,116,357.98)	(27,301,466.27)	(39,954,760.67)
Carrying amounts				
At December 31, 2017	15,289,175.92	18,743,190.02	655,240,747.57	689,273,113.51
At December 31, 2016	18,662,314.84	22,229,732.42	682,508,866.84	723,400,914.10

6. Construction-in-progess

in RMB

Particulars	
Balance at January 1, 2016	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
Additions during the year	12,655,671.04
Balance at December 31, 2017	154,767,078.02

7. Intangible assets

in RMB

Particulars	Land use right
Cost	
Balance at January 1, 2016, December 31, 2016 and December 31, 2017	70,540,000.00
Less: Accumulated amortization	
Balance at January 1, 2016	(6,013,395.62)
Charge for the year	(1,413,744.17)
Balance at December 31, 2016	(7,427,139.79)
Charge for the year	(1,410,839.91)
Balance at December 31, 2017	(8,837,979.70)
Carrying amounts	
At December 31, 2017	61,702,020.30
At December 31, 2016	63,112,860.21

8. Long-term deferred expenses

in RMB

Particulars	As at December 31,	
	2017	2016
Leasehold improvement	2,515,866.04	5,723,821.71
Building decoration	40,190,974.86	80,381,949.71
Total	42,706,840.90	86,105,771.42

9. Short-term loans

in RMB

Particulars	As at December 31,	
	2017	2016
Unsecured loans	82,671,000.00	–

Short-term loans include a loan from Infosys Poland Sp. z o.o. for the purposes of business operation. The principal of the loan is US$ 5,000,000.00 (equivalent to RMB 32,671,000.00), bearing interest per annum at 6%. The term of loan was 1 year. It was due in 17 May 2018, and was extended to 17 May 2019.

Short-term loan also includes loans from Infosys Technologies (China) Company. Limited for the purpose of business operation. The total principal of the loan is RMB 50,000,000.00, bearing interest per annum at 6% and the loans will become mature in 2018.

10. Employee benefits payable

in RMB

Items	Opening balance as at January 01,2017	Provision for the year	Payment in the year	Closing balance as at December 31,2017
Wages or salaries, bonus, allowances, subsidies	–	203,327,491.01	(172,158,508.37)	31,168,982.64
Social security contributions	–	14,434,513.80	(14,434,513.80)	–
Including: Premiums or contributions on medical insurance	–	12,369,961.14	(12,369,961.14)	–
Unemployment insurance	–	502,840.27	(502,840.27)	–
Maternity and work injury insurance	–	1,561,712.39	(1,561,712.39)	–
Defined contribution plans [1]	–	26,212,793.31	(26,212,793.31)	–
Housing funds	–	9,626,224.00	(9,626,224.00)	–
Total	–	253,601,022.12	(222,432,039.48)	31,168,982.64

[1] Defined contribution plans

The Company participates in basic pension insurance plan established by government in accordance with the relevant requirements. According to the plan, the Company makes a monthly contribution equivalent to the ratio of 20% and 14%, in Shanghai and Shenzhen respectively, of the employee's monthly basic wage based on last year's salary. The Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of a relevant asset when it occurs.

11. Taxes payable

in RMB

Category	As at December 31,	
	2017	2016
Individual income tax	1,920,323.90	–
Housing tax	3,797,858.66	–
Total	5,718,182.56	–

12. Non-current liabilities, current portion and other non-current liabilities

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	(3,406,620.00)
Charge for the year	(1,284,120.00)
Balance at the end of the year	(4,690,740.00)
Carrying amount	
At the end of the year	44,275,260.00
At the beginning of the year	45,559,380.00

In January 2012, the Company received a subsidy from Shanghai Zizhu Science-based Industrial Park Development Company. 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 amounting 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, 2017 and December 31, 2016, the unamortized subsidies were included in the non-current liabilities due within one year and the other non-current liabilities.

13. Paid-in capital

The registered capital of the Company is US$ 150,000,000.00. As at December 31, 2017, the contribution by the investor according to the Articles of Association is as follows:

Particulars	December 31,					
	2017			2016		
	US$	Ratio %	Equivalent to RMB	US$	Ratio %	Equivalent to RMB
Infosys Limited	149,600,000.00	100	956,355,558.48	138,000,000.00	100	876,681,198.48

14. Operating income

in RMB

Particulars	Years ended December 31,	
	2017	2016
Main operating income from principal activities		
Rendering of services	288,123,493.49	24,992,405.65
Other operating income		
Rental income	1,716,509.24	–
Total	289,840,002.73	24,992,405.65

15. Financial expenses (Income)

in RMB

Particulars	Years ended December 31,	
	2017	2016
Interest income from deposits	(369,714.80)	(111,808.50)
Interest expenses from loans	2,752,768.13	–
Net exchange gains	(1,629,482.82)	(2,576,485.23)
Total	753,570.51	(2,688,293.73)

16. Impairment losses

in RMB

Particulars	Years ended December 31,	
	2017	2016
Bad debt losses	1,299,984.79	164,605.25

17. Non-operating income

in RMB

Particulars	Years ended December 31,	
	2017	2016
Technological support subsidy	1,284,120.00	681,324.00
Others	1,810.35	210,915.43
Total	1,285,930.35	892,239.43

18. Income tax expense

in RMB

Particulars	Years ended December 31,	
	2017	2016
Income tax expenses for the current period	–	
Deferred income tax expenses	–	
Total	–	

No provision for income tax has been made as the Company had a tax loss for the year.

As described in Note V, the Company's Management is uncertain that there will be sufficient taxable profit in future periods, so the deferred tax assets related to the accumulated deductible losses as at December 31, 2017 amounting to RMB 106,034,515.56 is not recognized. Among the accumulated deductible losses, RMB 6,961,011.57, RMB 6,221,136.98, RMB nil, RMB 8,436,534.33 and RMB 84,415,832.68 will expire in 2018, 2019, 2020, 2021 and 2022, respectively.

Reconciliation of income tax expenses to the accounting profit is as follows:

in RMB

Particulars	2017	2016
Accounting losses	(99,925,245.87)	(8,869,989.85)
Expected income tax expense at tax rate of 15%	(24,981,311.47)	(2,217,497.46)
Tax effect of non-deductible expenses	72,078.26	–
Unused deductible loss	21,103,958.17	2,244,394.52
Temporary differences for deferred tax assets not recognized	3,805,275.04	(26,897.06)
Income tax expense		

19. Supplement to Income Statement

Expenses in the income statement are analyzed by their nature:

in RMB

Particulars	Years ended December 31,	
	2017	2016
Operating income	289,840,002.73	24,992,405.65
Less: Employee benefits expenses	(253,601,022.12)	–
Depreciation and amortization expenses	(81,332,049.04)	(4,455,248.66)
Rental payments	(3,325,987.73)	(4,029,863.62)
Financial (expense) income	(753,570.51)	2,688,293.73
Other expenses	(52,038,549.55)	(28,957,816.38)
Operating loss	(101,211,176.22)	(9,762,229.28)

20. Supplement to Cash Flow Statement

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

in RMB

Particulars	Years ended December 31,	
	2017	2016
Net loss	(99,925,245.87)	(8,869,989.85)
Add: Provisions on bad debt	1,299,984.79	164,605.25
Depreciation of fixed assets	36,254,528.63	1,321,775.36
Financial expenses (income)	1,123,285.31	(2,688,293.73)
Amortization of intangible asstes	1,410,839.91	1,413,744.17
Amortization of subsidy	(1,284,120.00)	(681,324.00)
Amortization of long-term deferred expenses	43,666,680.50	1,719,729.13
Decrease in operating receivables	(54,245,423.06)	(25,042,959.33)
Increase in operating payables	72,028,935.48	23,274,009.68
Net cash outflow from operating activities	329,465.69	(9,388,703.32)

(2) Change in cash and cash equivalents

in RMB

Particulars	Years ended December 31,	
	2017	2016
Cash and cash equivalents at the end of the year	47,299,662.70	24,283,407.72
Less: Cash and cash equivalents at the beginning of the year	24,283,407.72	93,614,956.08
Net increase / (decrease) in cash and cash equivalents	23,016,254.98	(69,331,548.36)

VIII. Related party relationships and transactions

(1) Related parties where a control relationship exists :

Name of the Company	Registered address	Nature of business	Registered capital	Ratio	Voting ratio
Infosys Limited	India	Rendering of information technical consultation service and management consultation	₹11.48 billion	100%	100%

(2) Related parties where a control relationship does not exist :

Name	Relationship with the Company
Infosys Limited	Parent company
Infosys Poland Sp. z o.o.	Controlled by the same parent company
Infosys Public Services Inc	Controlled by the same parent company
Kallidus. Inc	Controlled by the same parent company
Infosys Technologies (China) Company. Limited	Controlled by the same parent company

(3) Significant transactions between the Company and the related parties in current year :

(a) Sales and purchase

Sales and purchases between the Company and its related parties are as follows :

in RMB

Particulars	Years December 31,	
	2017	2016
Sales		
Infosys Technologies (China) Company. Limited	210,163,454.14	–
Infosys Limited	46,400,702.03	–
Infosys Public Services Inc	498,203.10	–
	257,062,359.27	–
Purchases		
Infosys Technologies (China) Company. Limited	11,290,211.03	–
Kallidus. Inc	–	20,547,372.70
Infosys Limited	4,582,571.26	1,855,109.87
	15,872,782.29	22,402,482.57

(b) Loans and borrowings

Loans and borrowings between the Company and related parties are as follows :

in RMB

Particulars	Incurred amount in the year ended	As at	Incurred amount in the year ended	As at	Annual interest rate
	December 31, 2017		December 31, 2016		
Borrowings from					
Infosys Poland Sp. z o.o.	32,671,000.00	32,671,000.00	–	–	6.00%
Infosys Technologies (China) Company. Limited	15,000,000.00	15,000,000.00	–	–	6.00%
Infosys Technologies (China) Company. Limited	35,000,000.00	35,000,000.00	–	–	6.00%
Total	82,671,000.00	82,671,000.00	–	–	

Note: In 2017, the Company borrowed from Infosys Poland Sp. z o.o. USD 5,000,000.00, bearing interest at 6% per annum. It was originally due in 17 May 2018, and was then extended to 17 May 2019.

In 2017, the Company borrowed from Infosys Technologies (China) Co. Limited RMB 15,000,000.00, bearing interest at 6% per annum and it will become due in 11 May 2018. In 2017, the Company also borrowed from Infosys Technologies (China) Co. Limited RMB 35,000,000.00, bearing interest at 6% per annum, and it will become due in 27 July 2018.

in RMB

Particulars	Years ended December 31,	
	2017	2016
Interest expenses		
Infosys Poland Sp. z o.o.	1,267,455.76	–
Infosys Technologies (China) Company. Limited	1,490,958.91	
	2,758,414.67	–

(c) Amounts due to/from related companies

in RMB

Particulars	Name of the related parties	2017	2016
Accounts receivable	Infosys Technologies (China) Company. Limited	59,090,477.70	–
	Infosys Limited	5,788,214.81	–
	Infosys Public Services Inc	75,191.70	–
		64,953,884.21	–
Accounts payable	Kallidus. Inc	19,261,526.54	20,509,240.50
	Infosys Technologies (China) Company. Limited	9,860,888.79	2,188,136.87
	Infosys Limited	4,688,514.77	–
		33,810,930.10	22,697,377.37
Interest payable	Infosys Poland Sp. z o.o.	1,267,455.76	–
	Infosys Technologies (China) Company. Limited	1,490,958.91	–
		2,758,414.67	–

IX. Financial instruments and risk management

The Company's major financial instruments include accounts receivable, other receivables, short-term loans, accounts payable, interest payables and other payables. Details of these financial instruments are disclosed in Note VII. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company adopts sensitivity analysis technique to analyse how the profit and loss for the period and owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a standalone basis.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Foreign currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the foreign currency risk is primarily associated with the US Dollar and Indian Rupee. The Company's principal activities are settled in RMB. As at December 31, 2017, the balance of the Company's assets and liabilities are both denominated in Renminbi, (RMB) except that the assets and liabilities set out below are denominated in foreign currencies. Foreign currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Company's performance.

in RMB

Particulars	As at December 31,	
	2017	2016
Cash and bank balances	6,463,120.45	19,456,608.60
Accounts receivable	5,863,406.51	–
Short-term loans	(32,671,000.00)	–
Interest payable	(1,267,455.76)	–
Accounts payable	(23,950,041.31)	(20,509,240.50)
Total	(45,561,970.11)	(1,052,631.90)

Credit risk

As at December 31, 2017, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

The Company reviews the recoverable amount of each individual trade debt at each Balance Sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Management of the Company consider that the Company credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating.

Liquidity risk

Liquidity risk is the risk that the Company may be difficult to raise enough funds to repay due debts relating to financial instruments.

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Management monitors use of loans and ensures to observe loan agreements.

2. Fair value

The Management of the Company considers the carrying amount of financial assets and financial liabilities measured at amortized cost is close to their fair value.

3. Sensitivity analysis

The Company adopts sensitivity analysis technique to analyse how the profit and loss for the period and owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

Currency risk

in RMB

Particulars		2017		2016	
Item	Changes in exchange rate	Effect on profit	Effect on owners' equity	Effect on profit	Effect on profit owners' equity
All foreign currencies	10% increase against RMB	(4,556,197.01)	(4,556,197.01)	(105,263.19)	(105,263.19)
All foreign currencies	10% increase against RMB	4,556,197.01	4,556,197.01	105,263.19	105,263.19

X. 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.

XI. Commitments

(1) Capital commitments

in RMB

Particulars	As at December 31,	
	2017	2016
Contracts for construction of building	4,225,881.84	5,201,617.85
Contracts for purchasing equipment	61,119.81	132,148.12
Contracts for leasehold improvement	416,525.24	17,299,763.21
	4,703,526.89	22,633,529.18

(2) Operating Lease Commitments

The Company's commitments in respect of non-cancellable operating leases as of the Balance Sheet date are as follows:

in RMB

Particulars	As at December 31,	
	2017	2016
Within 1 year	2,891,298.05	3,165,690.00
1 to 2 years	2,997,517.52	2,891,298.05
2 to 3 years	2,429,414.23	2,997,517.52
Over 3 years	–	2,429,414.23
Total	8,318,229.80	11,483,919.80

INFOSYS TECHNOLOGIA DO BRASIL LTDA.

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 financials statements of Infosys Technologia do Brasil Ltda. ('the Company') subsidiary company of Infosys Limited ('the Holding Company'), which comprise the Balance Sheet as at December 31, 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 (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 control 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 December 31, 2017 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.

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
May 4, 2018

Balance Sheet

in BRL

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,676,311	4,050,870
Capital work-in-progress		6,243	–
Financial assets			
Other financial assets	2.3	163,500	163,500
Deferred tax assets, net	2.13	3,899,650	1,378,894
Income tax assets, net	2.13	15,643,505	14,926,208
Other non-current assets	2.6	–	4,699
Total non-current assets		22,389,209	20,524,171
Current assets			
Financial assets			
Trade receivables	2.4	24,592,010	20,354,010
Cash and cash equivalents	2.5	29,128,300	28,278,039
Loans	2.2	349,729	334,149
Other financial assets	2.3	20,152,621	8,452,281
Other current assets	2.6	10,116,298	9,721,527
Total current assets		84,338,958	67,140,006
Total assets		106,728,167	87,664,177
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	59,124,349	59,124,349
Other equity		3,977,188	(8,804,180)
Total equity		63,101,537	50,320,169
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.10	4,032,252	2,810,160
Other financial liabilities	2.9	11,370,076	9,402,171
Other current liabilities	2.11	23,994,133	18,231,725
Provisions	2.12	688,249	370,890
Income tax liabilities, net	2.13	3,541,920	6,529,062
Total current liabilities		43,626,630	37,344,008
Total equity and liabilities		106,728,167	87,664,177

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 4, 2018

for and on behalf of the Board of Directors of
Infosys Technologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Statement of Profit and Loss

In BRL, except per equity share data and per equity share data

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue from operations	2.14	132,756,543	105,648,581
Other income, net	2.15	1,766,864	2,429,771
Total income		134,523,407	108,078,352
Expenses			
Employee benefit expenses	2.16	78,604,296	64,954,617
Cost of technical sub-contractors		24,817,966	12,540,004
Travel expenses		1,572,986	1,409,713
Communication expenses		2,474,759	3,646,199
Consultancy and professional charges		2,008,391	3,094,164
Depreciation expense	2.1	1,614,902	1,897,419
Other expenses	2.16	7,406,704	5,436,404
Total expenses		118,500,004	92,978,520
Profit before tax		16,023,403	15,099,832
Tax expense			
Current tax	2.13	5,762,791	10,172,801
Deferred tax	2.13	(2,520,756)	(246,408)
Profit for the year		12,781,368	5,173,439
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the year		12,781,368	5,173,439
Earnings per equity share			
Equity shares of par value BRL 1/- each			
Basic and diluted (BRL)		0.22	0.09
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		59,124,349	59,124,349

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 4, 2018

for and on behalf of the Board of Directors of
Infosys Technologia 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, 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

in BRL

Particulars	Equity share capital	Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2017	59,124,349	(8,804,180)	50,320,169
Changes in equity for the year ended December 31, 2017			
Profit for the year	–	12,781,368	12,781,368
Balance as of December 31, 2017	59,124,349	3,977,188	63,101,537

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 4, 2018

for and on behalf of the Board of Directors of
Infosys Technologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Statement of Cash Flows

in BRL

Particulars	Years ended December 31,	
	2017	2016
Cash flow from operating activities		
Profit for the year	12,781,368	5,173,439
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	1,614,902	1,897,419
Income tax expense	3,242,035	9,926,393
Allowance / (Reversal) for credit losses on financial assets	(179,997)	(731,124)
Interest income	(1,841,992)	(2,261,488)
Other adjustments	352,355	102,469
Profit on sale of asset	(130,573)	(206,522)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(16,463,759)	1,152,574
Loans and other financial assets and other assets	(331,704)	(2,641,975)
Trade payables	1,222,092	1,613,290
Other financial liabilities, other liabilities and provisions	7,695,317	8,355,971
Cash generated from operations	7,960,044	22,380,446
Income taxes paid	(9,467,230)	(10,655,040)
Net cash (used in) / generated by operating activities	(1,507,186)	11,725,406
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(111,314)	(1,443,937)
Loans to employees	(15,580)	(15,355)
Interest and dividend received on investments	2,484,341	801,966
Net cash generated / (used in) investing activities	2,357,447	(657,326)
Cash flow from financing activities :		
Net cash generated by financing activities	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net increase in cash and cash equivalents	850,261	11,068,080
Cash and cash equivalents at the beginning of the year	28,278,039	17,209,959
Cash and cash equivalents at the end of the year	29,128,300	28,278,039

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 4, 2018

for and on behalf of the Board of Directors of
Infosys Technologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Significant Accounting Policies

Company overview

Infosys Tecnologia do Brasil Ltda. ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing, infrastructure management and business process management services.

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian 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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 Reported currency

The Company's presentation currency is Brazilian Real (BRL).

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.

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 / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or 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 indirect 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

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 are 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

(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, 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

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.

1.13 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 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 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. Interest income is recognized using the effective interest method.

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

Borrowing cost are charged to the Statement of Profit and Loss in the period of during which they occurred.

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

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	1,496,265	386,767	6,905,844	5,992,135	14,781,011
Additions	–	24,320	219,920	–	244,240
Deletions	–	–	(330,235)	–	(330,235)
Gross carrying value as of December 31, 2017	1,496,265	411,087	6,795,529	5,992,135	14,695,016
Accumulated depreciation as of January 1, 2017	(1,211,996)	(224,350)	(4,881,209)	(4,412,586)	(10,730,141)
Depreciation	(110,210)	(76,277)	(871,888)	(556,527)	(1,614,902)
Accumulated depreciation on deletions	–	–	326,338	–	326,338
Accumulated depreciation as of December 31, 2017	(1,322,206)	(300,627)	(5,426,759)	(4,969,113)	(12,018,705)
Carrying value as of December 31, 2017	174,059	110,460	1,368,770	1,023,022	2,676,311

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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

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

2.2 Loans

in BRL

Particulars	As at December 31,	
	2017	2016
Current		
Unsecured, considered good		
Other Loans		
Loans to employees	349,729	334,149
Total loans	349,729	334,149

2.3 Other financial assets

in BRL

Particulars	As at December 31,	
	2017	2016
Non-current		
Security deposits	84,000	84,000
Rental deposits	79,500	79,500
	163,500	163,500
Current		
Unbilled revenues [(1)]	18,452,621	6,046,865
Interest accrued but not due	1,321,094	1,963,443
Others [(2)]	378,906	441,973
	20,152,621	8,452,281
Total	20,316,121	8,615,781
Financial assets carried at amortized cost	20,316,121	8,615,781
[(1)] Includes dues from related parties (Refer to Note 2.19)	–	1,669,171
[(2)] Includes dues from related parties (Refer to Note 2.19)	306,683	416,056

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

2.4 Trade receivables

in BRL

Particulars	As at December 31,	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	24,592,010	20,354,010
Considered doubtful	444,690	710,963
	25,036,700	21,064,973
Less : Allowances for credit losses	444,690	710,963
	24,592,010	20,354,010
[(1)] Includes dues from related party (Refer to Note 2.19)	3,592,667	646,261

2.5 Cash and cash equivalents

in BRL

Particulars	As at December 31,	
	2017	2016
Balances with bank		
In current and deposit accounts	29,128,300	28,278,039
	29,128,300	28,278,039
Deposit with more than 12-months maturity	11,000,000	23,399,000

2.6 Other assets

in BRL

Particulars	As at December 31,	
	2017	2016
Non-current		
Capital advances	–	4,699
	–	4,699
Current		
Advances other than capital advance	–	–
Others		
Prepaid expenses [(1)]	452,134	490,970
Withholding taxes and others	9,664,164	9,230,557
	10,116,298	9,721,527
Total other assets	10,116,298	9,726,226
[(1)] Includes dues from related parties (Refer to Note 2.19)	175,631	396,313

2.7 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,	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.5)	29,128,300	28,278,039
Trade receivables (Refer to Note 2.4)	24,592,010	20,354,010
Loans (Refer to Note 2.2)	349,729	334,149
Other financial assets (Refer to Note 2.3)	20,316,121	8,615,781
Total	74,386,160	57,581,979
Liabilities		
Trade payables (Refer to Note 2.10)	4,032,252	2,810,160
Other financial liabilities (Refer to Note 2.9)	5,952,283	5,673,267
Total	9,984,535	8,483,427

All the above financials instruments are carried at amortized cost and the carrying values approximates their fair values.

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 BRL appreciates / depreciates against these currencies.

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

in BRL

Particulars	US$	EURO	Other currency	Total
Trade receivables	4,886,165	73,854	–	4,960,019
Other financials assets (including loans)	719,748	–	–	719,748
Trade payables	(203,155)	–	(74,972)	(278,127)
Other financial liabilities	(331,387)	1,390	(166,058)	(496,055)
Net assets / (liabilities)	5,071,371	75,244	(241,030)	4,905,585

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

in BRL

Particulars	US$	EURO	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

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 24,592,010 and BRL 20,354,010 as of December 31, 2017 and December 31, 2016, respectively, and unbilled revenue amounting to BRL 18,452,621 and BRL 6,046,865 as of December 31, 2017 and December 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 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. As per 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 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	Years ended December 31,	
	2017	2016
Revenue from top customer	23.9%	30.8%
Revenue from top five customers	70.3%	73.6%

Credit risk exposure

The reversal for the life time expected credit loss on customer balances for the year ended December 31, 2017 was BRL 179,997 and year ended December 31, 2016 was BRL 731,124.

in BRL

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	710,963	1,564,390
Impairment loss (reversed)	(179,997)	(731,124)
Amounts written off	–	–
Translation differences	(86,276)	(122,303)
Balance at the end	444,690	710,963

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 December 31, 2017, the Company had a working capital of BRL 40,712,328 including cash and cash equivalents of BRL 29,128,300. As of December 31, 2016, the Company had a working capital of BRL 29,795,998 including cash and cash equivalents of BRL 28,278,039.

2.8 Equity

Equity share capital

in BRL, except as stated otherwise

Particulars	As at December 31,	
	2017	2016
Authorized		
Equity shares, BRL 1 par value		
60,000,000 (60,000,000 [1]) equity shares	60,000,000	60,000,000
Issued, subscribed and paid-up		
Equity shares, BRL 1 par value	59,124,349	59,124,349
59,124,349 (59,124,349 [1]) equity shares fully paid-up		
	59,124,349	59,124,349

[1] Represents number of shares as of December 31, 2016

The details of shareholder holding more than 5% shares are as follows:

in No., except as stated otherwise

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited	59,124,348	100.00	59,124,348	100.00

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, 2017		As at December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning and end of the period	59,124,349	59,124,349	59,124,349	59,124,349

2.9 Other financial liabilities

in BRL

Particulars	As at December 31,	
	2017	2016
Current		
Others	3,400,666	2,929,212
Accrued compensation to employees [1]		
Accrued expenses [1][2]	1,349,536	1,644,989
Compensated absences	5,417,793	3,728,904
Other payables [1] [3]	1,202,081	1,099,066
Total financial liabilities	11,370,076	9,402,171
[1] Financial liability carried at amortized cost	5,952,283	5,673,267
[2] Includes dues to related parties (Refer to Note 2.19)	–	263,541
[3] Includes dues to related parties (Refer to Note 2.19)	1,202,081	1,090,163

2.10 Trade payables

in BRL

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	4,032,252	2,810,160
	4,032,252	2,810,160
[1] Includes dues to related parties (Refer to Note 2.19)	3,115,188	2,223,478

2.11 Other liabilities

in BRL

Particulars	As at December 31,	
	2017	2016
Current		
Unearned revenue	3,229,190	1,096,083
Others		
Withholding taxes and others	20,764,943	17,135,642
	23,994,133	18,231,725

2.12 Provisions

in BRL

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Post-sales client support	688,249	370,890
	688,249	370,890

2.13 Income taxes

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

in BRL

Particulars	Year ended December 31,	
	2017	2016
Current taxes	5,762,791	10,172,801
Deferred taxes	(2,520,756)	(246,408)
Income tax expense	3,242,035	9,926,393

The entire deferred income tax for the year ended December 31, 2017 and December 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 follow:

in BRL

Particulars	Year ended December 31,	
	2017	2016
Profit before income taxes	16,023,403	15,099,832
Enacted tax rates in Brazil	34%	34%
Computed expected tax expense	5,447,957	5,133,943
Effect of non-deductible expenses	287,718	–
Effect of unrecognized deferred tax assets on loss	(309,624)	(3,008,794)
Tax provision / (reversal), overseas and domestic	(2,184,016)	3,751,235
Others	–	4,074,009
Income tax expense	3,242,035	9,950,393

The applicable Brazilian statutory tax rate for the year ended December 31, 2017 and December 31, 2016 is 34%.

The details of income tax assets and income tax liabilities are as follows:

in BRL

Particulars	As at December 31,	
	2017	2016
Income tax assets	15,643,505	14,926,208
Current income tax liabilities	3,541,920	6,529,062
Net current income tax assets/ (liability) at the end	12,101,585	8,397,146

The gross movement in the current income tax asset / (liability) is as follows:

in BRL

Particulars	Year ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	8,397,146	7,914,908
Income tax paid	9,467,230	10,655,039
Current income tax expense	(5,762,791)	(10,172,801)
Net current income tax asset / (liability) at the end	12,101,585	8,397,146

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,	
	2017	2016
Deferred income tax assets		
Property, plant and equipment	1,078,001	1,378,894
Accrued compensation to employees	594,401	–
Trade receivables	151,194	–
Compensated absences	1,842,050	–
Post sales client support	234,004	–
Total deferred income tax assets	3,899,650	1,378,894
Deferred income tax liabilities	–	–
Total deferred income tax liabilities	–	–
Deferred income tax assets after set off	3,899,650	1,378,894

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 is as follows:

in BRL

Particulars	Years ended December 31,	
	2017	2016
Net deferred income tax asset at the beginning	1,378,894	1,132,485
Credits / (charge) relating to temporary differences	2,520,756	246,409
Net deferred income tax asset at the end	3,899,650	1,378,894

The charge relating to temporary differences during the year ended December 31, 2017 are primarily on account of property plant and equipment. The credits relating to temporary differences during the year ended December 31, 2016 are primarily on account of property, plant and equipment.

2.14 Revenue from operations

in BRL

Particulars	Years ended December 31,	
	2017	2016
Income from software services	132,756,543	105,648,581
	132,756,543	105,648,581

2.15 Other income

in BRL

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets		
Deposit with Bank and others	1,841,992	2,261,488
Exchange gains / (losses) on translation of other assets and liabilities	(205,701)	(38,239)
Profit on sale of assets	130,573	206,522
	1,766,864	2,429,771

2.16 Expenses

in BRL

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	78,065,918	64,563,978
Staff welfare	538,378	390,639
	78,604,296	64,954,617

in BRL

Particulars	Year ended December 31,	
	2017	2016
Other expenses		
Power and fuel	140,441	218,822
Brand and marketing	398,953	105,270
Operating lease payments	1,333,775	1,528,891
Rates and taxes	2,907,085	2,135,737
Repairs and maintenance	1,505,401	1,648,288
Consumables	22,222	127,122
Insurance	158,552	241,713
Provision for post-sales client support	352,355	59,584
Reversal for credit losses on financial assets	(179,997)	(731,124)
Cost of software for own use	596,480	–
Others	171,437	102,101
	7,406,704	5,436,404

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year is as follows:

in BRL

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the year	1,333,775	1,528,891

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,	
	2017	2016
Not later than 1 year	2,209,364	2,618,389
Later than 1 year and not later than 5 years	2,834,959	4,101,356
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 five years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.18 Commitments (to the extent not provided for)

in BRL

Particulars	As at December 31,	
	2017	2016
Commitments:		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	31,717	6,853

2.19 Related party transactions

List of holding companies

Name of holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [(1)]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [(1)]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [(1)]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [(1)]	China
Infosys Nova Holdings LLC. (Infosys Nova) [(1)]	US
EdgeVerve Systems Limited (EdgeVerve) [(1)]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(1)]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [(1)]	India
Kallidus Inc. (Kallidus) [(1)]	US
Infosys Chile SpA [(1)(2)]	Chile
Infosys Americas Inc., (Infosys Americas) [(1)]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(1) (19)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [(1)]	US
Infosys Canada Public Services Ltd.[(3)(4)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [(18)]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(5)]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(5)]	Poland
Infosys McCamish Systems LLC [(5)]	US
Portland Group Pty Ltd[(5)]	Australia
Infosys BPO Americas LLC.[(5)]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [(1)]	Switzerland
Lodestone Management Consultants Inc. [(6)]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(6)]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(6)]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(6)]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(6)]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(6)]	Czech Republic
Lodestone Management Consultants GmbH [(6)]	Austria
Lodestone Management Consultants Co., Ltd. [(6)]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(6)]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(6)]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [(6)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(6)]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(6)]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(6)]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(6)(7)]	Switzerland
Lodestone Augmentis AG [(8)(9)]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(10)]	Belgium

Name of the subsidiary	Country
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(10)]	Brazil
Panaya Inc. (Panaya) [(1)]	US
Panaya Ltd.[(11)]	Israel
Panaya GmbH [(11)]	Germany
Panaya Japan Co. Ltd.[(11)]	Japan
Panaya Pty Ltd.[(11)(12)]	Australia
Noah Consulting LLC (Noah) [(13)]	US
Noah Information Management Consulting Inc. (Noah Canada) [(14)(15)]	Canada
Brilliant Basics Holdings Limited.[(16)]	UK
Brilliant Basics Limited [(17)]	UK
Brilliant Basics (MENA) DMCC [(17)]	Dubai

[(1)]Wholly-owned subsidiary of Infosys

[(2)]Incorporated effective November 20, 2017

[(3)]Wholly-owned subsidiary of Infosys Public Services, Inc.

[(4)]Liquidated effective May 9, 2017

[(5)]Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

[(6)]Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[(7)]Liquidated effective December 21, 2016

[(8)]Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

[(9)]Liquidated effective October 5, 2016

[(10)]Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[(11)]Wholly-owned subsidiary of Panaya Inc.

[(12)]Liquidated effective November 16, 2016

[(13)]Liquidated effective November 9, 2017

[(14)]Wholly-owned subsidiary of Noah

[(15)]Liquidated effective December 20, 2017

[(16)]On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK

[(17)]Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[(18)]Majorityowned and controlled subsidiaries of Infosys

[(19)]Under liquidation

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

in BRL

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Infosys Limited	501,714	646,261
Infosys Consulting Ltda.	3,090,953	–
	3,592,667	646,261
Prepaid and other financial assets		
Infosys Limited	53,296	–
Panaya Limited	175,631	396,313
Infosys BPM Limited	45,777	14
Infosys Consulting Ltda.	207,610	416,042
	482,314	812,369
Unbilled revenues		
Infosys Consulting Ltda.	–	1,669,171
	–	1,669,171
Trade payables		
Infosys Limited	133,737	1,269,952
Infosys Consulting Ltda.	2,448,810	914,025
Infosys Technologies S. de R. L. de C. V.	69,419	39,501
Infosys Consulting S.R.L.	383,931	–
Infy Consulting Company Ltd.	79,291	–
	3,115,188	2,223,478
Other financial liabilities		
Infosys BPM Limited	–	14
Panaya Limited	270,974	428,018
Infosys Consulting AG	–	263,541

Particulars	As at December 31,	
	2017	2016
Infosys Consulting Ltda.	786,039	572,976
Infosys Limited	145,068	89,155
	1,202,081	1,353,704

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

in BRL

Particulars	Year ended December 31,	
	2017	2016
Capital transactions	–	–
Revenue Transactions		
Purchase of services		
Infosys Consulting Ltda.	13,782,331	4,386,870
Infosys Consulting AG	(266,872)	269,415
Infosys Technologies S. de R. L. de C. V.	354,007	49,556
Infosys Limited	4,302,308	5,148,814
Panaya Ltd.	511,625	81,704
Infosys Consulting S.R.L.	402,724	–
Infy Consulting Company Ltd.	77,140	–
	19,163,263	9,936,359
Sale of services		
Infosys Consulting Ltda.	5,124,685	1,587,385
Infosys Limited	5,981,366	3,924,803
	11,106,051	5,512,188
Purchase of shared services including facilities and personnel		
Infosys Limited	46,116	30,760
Infosys Consulting Ltda.	4,344,213	3,663,135
	4,390,329	3,693,895
Sale of shared services including facilities and personnel		
Infosys Consulting Ltda.	1,402,495	1,289,165
	1,402,495	1,289,165

2.20 Segment-reporting

The Company is engaged in developing and marketing solutions in a single geography. Its operations are therefore considered to constitute a single segment. Based on the 'management approach' as defined in Ind AS, 108 Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the 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 S. de R. L. de C. V.

Financial Statements December 31, 2017 and 2016 (Independent Auditors' Report Thereon)
(Translation from Spanish Language Original)

Independent Auditors' Report

To the Board of Directors and Stockholders of Infosys Technologies S. de R. L. de C. V.

Opinion

We have audited the financial statement of Infosys Technologies, S. de R. L. de C. V. (the "Entity"), which comprise the Statement of Financial Position as of December 31, 2017, and the related statements of Statement of Profit and Loss, Statement of Changes in Stockholders' Equity, and the Statement of Cash Flows for the year then ended, and 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 the Entity as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS).

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and IMCP Code.

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

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

The financial statements of Infosys Technologies S. de R. L. de C. V. as of December 31, 2016, were audited by other auditors' and they expressed an unqualified opinion dated on April 28, 2017.

Responsibilities of the Management and those charged with governance for the financial statements

The is responsible for the preparation and fair presentation of the financial statements in accordance with MFRS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 ISA 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 ISA, 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 Entity'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 Entity's Group'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 Entity 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.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Carlos Alberto Chávez Llamas
March 8, 2018

Statements of Financial Position

in Pesos

Particulars	Note no.	As at December 31,	
		2017	2016
ASSETS			
Current assets			
Cash		305,082,879	152,207,930
Accounts receivable, net	5	174,047,275	228,223,836
Related parties	6	21,176,793	–
Other receivables		2,186,632	2,330,838
Prepayments		7,307,386	9,468,074
Total current assets		509,800,965	392,230,678
Furniture and equipment, net	7	15,588,777	20,806,110
Deferred employee statutory profit-sharing	10b	8,144,376	8,871,576
Deferred income taxes	10a	26,966,475	28,381,126
Guarantee deposits		2,196,249	2,276,329
		562,696,842	452,565,819
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable		1,956,994	2,717,760
Accruals	9	23,470,124	38,697,482
Taxes payable	8	48,263,397	47,357,384
Employee statutory profit-sharing		16,588,864	13,033,130
Related parties	6	–	1,367,533
Deferred revenue	3i	24,072,331	19,074,842
Total current liabilities		114,351,710	122,248,130
Employee benefits		1,429,784	1,429,784
Total liabilities		115,781,494	123,677,914
Stockholders' equity	11		
Capital stock		175,000,000	175,000,000
Retained earnings		271,915,348	153,887,905
Total stockholders' equity		446,915,348	328,887,905
Commitments and contingent liabilities	12		
		562,696,842	452,565,819

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

Statements of Income

in Pesos

Particulars	Note no.	For the years ended December 31,	
		2017	2016
Service revenues	6	757,036,377	748,103,547
Operating expenses			
Salaries and related costs		380,864,565	382,941,351
Services	6	97,117,959	151,082,423
Rents		28,793,490	28,685,582
Depreciation		11,170,171	10,476,950
Employee statutory profit-sharing		16,198,594	13,657,118
Other		52,366,535	50,213,781
Total operating expenses		586,511,316	637,057,198
Operating income		170,525,062	111,046,348
Comprehensive financial results :			
Foreign exchange (loss) gain - net		(5,808,556)	7,484,092
Interest income		767,608	9090,292
Comprehensive financial results, net		5,040,948	7,574,384
Income before income taxes		165,484,114	118,620,731
Income taxes	10	47,456,672	37,484,965
Net income		118,027,443	81,135,761

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

Statement of Changes in Stockholders' Equity

in Pesos

	Capital stock	Retained earnings	Total stockholders' equity
Balances as of December 31, 2015	175,000,000	72,752,144	247,752,144
Net comprehensive income (note 11 b)	–	81,135,761	81,135,761
Balances as of December 31, 2016	175,000,000	153,887,905	328,887,905
Net comprehensive income (note 11 b)	–	118,027,443	118,027,443
Balances as of December 31, 2017	175,000,000	271,915,348	446,915,348

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

Statement of Cash Flows

in Pesos

Particulars	As at December 31,	
	2017	2016
Cash flows from operating activities		
Income before income taxes	165,484,114	118,620,731
Items relating to investing activities		
Depreciation	11,170,171	10,476,950
Employee statutory profit-sharing	16,198,594	13,657,118
Interest income	(767,608)	(90,292)
Subtotal	192,085,272	142,664,502
Accounts receivable and deferred revenue	59,174,050	(2,959,812)
Related parties	(22,544,325)	(40,260,477)
Other receivables and prepayments	2,304,894	(1,375,247)
Guarantee deposits	80,080	(313,704)
Trade accounts payable	(760,766)	2,687,299
Accruals	(15,227,358)	298,375
Income tax and other taxes paid	(45,136,008)	(30,825,671)
Employee statutory profit-sharing	(11,915,660)	(10,635,706)
Net periodic cost from termination and retirement benefits	–	1,395,645
Payments for termination and retirement benefits	–	(1,356,132)
Net cash provided by operating activities	158,060,179	59,319,071
Cash flow from investing activities		
Interest received	767,608	90,292
Acquisition of furniture and equipment	(5,952,838)	(6,656,951)
Net cash used in investing activities	(5,185,230)	(6,566,659)
Increase in cash	152,874,949	52,752,412
Cash		
At beginning of year	152,207,930	99,455,518
At end of year	305,082,879	152,207,930

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

Notes to the Financial Statements

1. Description of business

Infosys Technologies, S. de R. L. de C. V. ('the Company'), is a incorporated Company under the laws of Mexico. The address of the Company is Boulevard Gustavo Díaz Ordaz 130 west, 16th floor, Santa María, Monterrey, Nuevo León. The Company is a subsidiary of Infosys Technologies, Ltd., and its main activity is to provide services of advice, operational support personnel trained in the area of design, development, implementation and adaptation of business solutions related to information technology.

2. Basis of preparation

a) Statement of compliance

Explanation for translation into English - The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards (MFRS), which are comprised of accounting standards that are individually referred to as Normas de Información Financiera or 'NIF'.

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 Mexican pesos (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 statement of income or loss entitled 'Statement of Income' 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, in order to present the information 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 accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company :

(a) Reclassifications

Certain amounts in the financial statements as of and for the year ended December 31, 2016 have been reclasified to conform to the presentation of the 2017 financial statements.

(b) Cash

Cash consists 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.

(c) 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.

(d) Furniture and equipment, net

Furniture and equipment are recorded at acquisition cost.

Depreciation on furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets as determined by the Company's the 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.

(e) 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.

(f) Impairment of furniture and equipment

The Company evaluates the net carrying 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 carrying value exceeds the recoverable value, the Company records the necessary estimates.

(g) 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.

(h) 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 those deferred as mentioned in (h), Income taxes and employee profit-sharing) and which the Company is expected to pay after twelve 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 first.

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 financial 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.

(i) 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 carryforwards 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.

(j) Revenue recognition

Revenues from services are recognized as services are provided.

The revenue from contracts hours spent related with the 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 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.

(k) Business and credit concentration

Expenses for administrative services with related parties as of December 31, 2017 and 2016 amount to 12% and 17%, respectively, of total operating expenses. In addition, balances receivable from related parties as of December 31, 2017 represent 4% of total assets. Balance payable to related party in 2016 represent 1% of total liabilities.

(l) Comprehensive financial results (CFR)

The CFR includes foreign exchange loss / gain and interest income. 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.

(m) 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 translated into the reporting currency, as of December 31, 2017 and 2016, were as follows:

in Pesos

2017	Pound sterling	Dollars	Euros
Assets:			
Assets	–	166,275,511	3,970,524
Liabilities	381,297	8,439,411	72,587
Net assets	(381,297)	157,836,100	3,897,937

in Pesos

2016	Pound sterling	Dollars	Euros
Assets :			
Assets	2,187,076	193,850,553	3,643,245
Liabilities	–	25,756,548	–
Net assets	2,187,076	168,094,005	3,643,245

As at December 31, 2017 and 2016, foreign exchange loss of (5,808,556) and foreign exchange gain of 7,848,092, are respectively registered.

The exchange rates used in the various translation processes to the reporting currency are as follows:

Country	Currency	Exchange rate	
		2017	2016
United States of America	Dollars	19.6554	21.9065
European Union	Euros	23.5477	22.9452
England	Pound Sterling	26.5477	27.0161
India	Rupee	3.2500	3.1000

At December 31, 2017, the Company did not have foreign exchange hedging instruments.

5. Accounts receivable

Accounts receivable as at December 31, 2017 and 2016, consist of the following:

in Pesos

Particulars	As at December 31,	
	2017	2016
Billed accounts receivable	145,611,345	223,513,076
Unbilled receivables	40,330,717	14,293,435
	185,492,061	237,806,511
Less:		
Provision for discount to customers	(11,577,033)	(8,787,830)
Allowance for doubtful accounts	(317,753)	(794,845)
Subtotal	(11,894,786)	(9,582,675)
	174,047,275	228,223,836

6. Related parties

Transacttions carried out with related parties, during the years ended December 31, 2017 and 2016 were as follows:

in Pesos

Particulars	As at December 31,	
	2017	2016
Revenues for consulting and implementation provided to customers on behalf of its related party. (1)	85,299,911	58,169,327
Expenses for specialized personnel services in project implementation. (2)	69,724,952	108,227,028

(1) Infosys Limited, Infosys Technologia do Brasil Ltda., EdgeVerve Systems Limited, Infosys Consulting S.R.L. and Panaya Inc.

(2) Infosys Limited, Infosys BPM Limited, and Lodestone The Management Consultants Inc.

Balance receivable from related parties are as follows:

in Pesos

Particulars	As at December 31,	
	2017	2016
Infosys Limited	2,931,166	–
Infosys Technologia do Brasil Ltda.	398,845	–
Infosys Consulting S.R.L.	1,876,292	–
Panaya Limited	15,089,255	–
Edgeverve Systems Limited	881,235	–
	21,176,793	–

Balance payable to related parties are as follows:

in Pesos

Particulars	As at December 31,	
	2017	2016
Infosys Limited	_	3,474,710
Infosys BPM Limited	_	248,595
Infosys Consulting S.R.L.	_	(1,876,292)
Infosys Technologia do Brasil LTDA	_	(251,983)
Panaya Inc.	_	(5,231,337)
Lodestone The Management Consultants Inc.	_	5,003,840
	_	1,367,533

7. Furniture and equipment

Furniture and equipment as at December 31, 2017 and 2016 comprise the following:

in Pesos

Particulars	2017	2016
Furniture and equipment	66,215,344	65,535,494
Computer equipment	67,689,130	62,436,885
	133,904,474	127,972,379
Less: accumulated depreciation	(118,315,697)	(107,166,269)
	15,588,777	20,806,110

8. Taxes payable

As of December 31, 2017 and 2016 taxes payable consist of the following:

in Pesos

Particulars	2017	2016
Income tax	7,785,520	(2,441,168)
Income tax withheld to third parties	11,647,206	13,169,877
Value added tax	20,100,290	27,186,840
Social security contributions	8,730,381	9,441,835
	48,263,397	47,357,384

9. Accruals

Accruals as at December 31, 2017 and 2016 include the following:

in Pesos

Particulars	Vacations	Subcontracting and others	Other personnel benefits	Total
Balances as at December 31, 2016	8,739,985	20,573,253	9,384,244	38,697,482
Increases recorded in earnings	1,618,556	140,079,032	21,351,227	163,048,815
Payments	(3,074,008)	(155,286,287)	(19,915,875)	(178,276,170)
Balances as at December 31, 2017	7,284,532	5,365,997	10,819,595	23,470,124

10. 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	For the years ended December 31,	
	2017	2016
Income tax:		
Current	46,042,021	37,662,617
Deferred	1,414,651	(177,652)
	47,456,672	37,484,965

Income tax expense attributable to income from continuing operations 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 shown below:

in Pesos

Particulars	For the years ended December 31,	
	2017	2016
Computed 'expected' tax expense	52,377,684	35,772,737
Increase (reduction) resulting from		
Effects of inflation, net	(7,548,830)	(2,655,226)
Non-deductible expenses	5,896,097	6,085,925
Other, net	(3,268,279)	(1,718,471)
Income tax expenses	47,456,672	37,484,965

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2017 and 2016, are presented as follows

in Pesos

Particulars	2017	2016
Deferred tax assets		
Allowance for doubtful receivables	90,789	197,252
Provisions for accounts receivable	2,877,989	2,527,619
Furniture and equipment	8,365,237	9,372,994
Accruals	10,427,458	13,005,918
Employee benefits	428,935	428,935
Deferred revenues	7,226,236	5,728,307
Provisions for vacations	2,185,360	2,621,996
Total gross deferred tax assets	31,602,004	33,883,021
Deferred tax liabilities		
Prepayments	2,192,216	2,840,422
Deferred ESPS	2,437,019	2,661,473
Total gross deferred tax liabilities	4,629,235	5,501,895
Net deferred tax asset	26,966,475	28,381,126

b) Deferred ESPS

The deferred ESPS expense (benefit) at December 31, 2017 and 2016, is as follows:

in Pesos

Particulars	2017	2016
Deferred ESPS	727,200	695,128

The effects of ESPS on temporary differences that give rise to significant portions of deferred ESPS assets and liabilities as of December 31, 2017 and 2016 are detailed as follows:

in Pesos

Particulars	2017	2016
Deferred tax assets		
Allowance for doubtful receivables	30,263	65,751
Provisions for accounts receivable	959,330	842,540
Furniture and equipment	2,788,412	2,951,687
Accruals	1,816,933	3,031,993
Employee benefits	142,978	142,978
Deferred revenues	2,408,745	1,909,436
Provisions for vacations	728,453	873,999
Total gross deferred profit-sharing assets	8,875,115	9,818,384
Deferred tax liabilities		
Prepayments	730,739	946,808
Total gross deferred tax liabilities	730,739	946,808
Net deferred tax asset	8,144,376	8,871,576

11. Stockholders' equity

The principal characteristics of stockholders' equity are described as follows.

a) Structure of capital stock

The Company's capital stock at December 31, 2017, is composed of two social parties, fixed and variable. Social fixed portion has a value of 10,000,000 and variable portion of 165,000,000.

b) Comprehensive income

During the years ended at December 31, 2017 and 2016, there were no items that, in accordance with MFRS 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, 2017, the legal reserve amounts to MXN 13,595,767 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.

12. 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 28,793,490 in 2017 and Pesos 28,685,582 in 2016, and is included in operating expenses in the Statements of Income. The amount of the annual rent payable from 2018 to 2019, derived from leases with defined validity, is as follows :

in Pesos

Year	Monterrey office	México office
2018	18,433,560	7,886,880
2019	19,355,238	8,281,224
	37,788,798	16,168,104

(b) In accordance with 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 income tax 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.

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.

(d) 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 69,155,185 in 2017 and Pesos 108,227,028 in 2016 and included in operating expenses in the Income Statement.

(e)There is a contingent liability arising from the labor obligations mentioned in note 3(g).

13. New accounting principles

As of December 31, 2017, the CINIF has issued the following NIF and improvements to NIF which may affect the financial statements of the Entity :

a Improvements to NIF 2018

The following improvements were issued which generate accounting changes effective as of January 1, 2018 :

NIF B-2, Statement of Cash Flows – For liabilities from financing activities, requires disclosure of the relevant changes in cash flows, and preferably the initial and closing balances of such items should be reconciled.

NIF C-6, Property, plant and equipment and NIF C-8, Intangible assets – The depreciation and amortization method based on revenues cannot be used, except where the revenues and the consumption of the economic benefits from the assets follow a similar pattern.

NIF C-14, Transfer and cancellation of financial assets – To avoid contradictions in the standard, it is clarified that the transferor should continue recognizing any revenue and loss from impairment originated from the asset transferred up to the degree of its continuous involvement and should recognize any expense related with the associated liability. If the transferred asset continues to be recognized at amortized cost, the associated liability should not be valued at fair value.

b Improvements to NIF 2018

The following improvements do not generate accounting changes

NIF B-15, Translation of foreign currencies – In financial statements where the functional currency is different from the Mexican peso, the entity should, among others, determine in its functional currency : a) the fair value of the items in which it is applicable, b) conduct impairment tests on the value of the asset and c) determine the deferred tax liabilities or assets, etc.

NIF C-2, Investment in financial instruments; NIF C-3, Accounts receivable; NIF C-10, Financial derivatives and hedging relationships; NIF C-16, Impairment of financial instruments receivable; NIF C-19, Financial instruments payable; and NIF C-20, Financial instruments receivable – These six new NIF related to financial instruments are not yet effective; however, clarifications were made to unify and standardize the terms used therein so as to ensure consistency.

c. The following NIF were issued and are effective January 1, 2018

NIF C-3, Accounts receivable

NIF C-9, Provisions, contingencies and commitments

NIF D-1, Revenues from contracts with customers

NIF D-2, Costs from contracts with customers

d. The following NIF were issued and are effective January 1, 2019

NIF D-5, Leases

The Management believes that the new MFRS and the improvements to the MFRS will not generate significant effects.

14. Authorization

On March 8, 2018, Ravi Arcot, Expedition and operations leader and Lorena Delgado Cantu, 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.

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PANAYA LTD.

Independent Auditors' Report

We have audited the accompanying statement of financial position of Panaya Ltd. ('the Company') as of December 31, 2017 and the related statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended. 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.

The Company's financial statements as of December 31, 2016, were audited by other auditors whose report dated May 16, 2017 expressed an unqualified opinion.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Auditors' Mode of Performance) - 1973. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the 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 audits provide 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, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in Israel (Israeli GAAP).

Brightman Almagor Zohar & Co.
Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited

March 13, 2018
Tel-Aviv, Israel

Statement of Financial Position

NIS in thousand

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents		13,103	19,298
Trade receivables		2,871	6,018
Trade receivables - Related parties		1,197	1,364
Other receivables - Related parties		2,386	5,357
Other receivables		4,978	4,767
Total current assets		24,535	36,804
Property and equipment, net	3	8,847	10,524
Intangible assets, net		464	850
Total assets		33,846	48,178
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Trade payables		1,866	1,024
Trade payables - Related parties		93,145	72,270
Other payables - Related parties		39,137	20,908
Other payables		6,162	6,866
Employee related payables		14,929	20,967
Deferred revenue		90,388	71,199
Total current liabilities		245,627	193,234
Accrued severance pay, net of severance fund	4	460	1,102
Commitments and contingent liabilities	5	–	–
Total shareholders' deficiency		(212,241)	(146,158)
Liabilities and shareholders' deficiency		33,846	48,178

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

March 13, 2018

Date of approval of the financial statements

Adi Keinan
Director

Statement of Comprehensive Loss

NIS in thousand

Particulars	Note no.	Years ended December 31	
		2017	2016
Revenues	2I	124,757	128,461
Cost of revenues		19,417	16,075
Gross profit		105,340	112,386
Operating expenses			
Research and development	2C, 8A	54,694	58,263
Selling and marketing expenses	8B	106,746	110,842
General and administrative expenses	8C	14,091	17,218
Operating loss		70,191	73,937
Financial expenses (income), net		(4,858)	5,795
Other (income) expenses		750	(1,098)
Net loss		66,083	78,634

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

Statement of Changes in Shareholders' Deficiency

NIS in thousand

Particulars	Share capital	Additional paid in capital	Share based payment capital fund	Payments on account of shares to be allotted	Accumulated deficit	Total shareholders' deficiency
Balance as at January 1, 2016	13	79,925	15,863	68,798	(232,123)	(67,524)
Net loss	–	–	–	–	(78,634)	(78,634)
Balance as at December 31, 2016	13	79,925	15,863	68,798	(310,757)	(146,158)
Net loss	–	–	–	–	(66,083)	(66,083)
Balance as at December 31, 2017	13	79,925	15,863	68,798	(376,840)	(212,241)

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

Statement of Cash Flows

NIS in thousand

Particulars	Years ended December 31	
	2017	2016
Cash flows provided by (used in) operating activities		
Net loss	(66,083)	(78,634)
Adjustment required to reconcile net loss to cash provided by (used in) operating activities		
Depreciation and amortization	2,453	1,792
Decrease / (increase) in trade and other receivables	6,074	(7,317)
Increase in trade and other payables	39,242	6,728
Increase / (decrease) in employee related payables	(6,038)	12,418
Increase in deferred revenue	19,189	24,733
Increase / (decrease) in accrued severance pay, net	(642)	1,323
Net cash used in operating activities	(5,805)	(38,957)
Cash flows from investing activities		
Acquisition of property and equipment	(390)	(8,684)
Acquisition of intangible assets	–	(1,171)
Decrease in restricted deposits	–	444
Net cash used in investing activities	(390)	(9,411)
Decrease in cash and cash equivalents	(6,195)	(48,368)
Cash and cash equivalents at the beginning of the year	19,298	67,666
Cash and cash equivalents at the end of the year	13,103	19,298

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, US

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.

E. The previous year figures have been reclassified wherever necessary to conform to the current year presentation.

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 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:

Particulars	%
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 and 2017, 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

NIS in thousand

The composition :	As at December 31,	
	2017	2016
Cost :		
Furniture and fixtures	3,205	3,205
Computers and software	9,950	9,626
Leasehold improvements	10,490	10,436
Communication equipment	366	354
	24,011	23,621
Less - Accumulated depreciation	15,164	13,097
Net book value	8,847	10,524

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 the 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 :

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.

Note 6 Stockholders' equity

A. Common Stock

Number of shares

Particulars	As at December 31	
	2017	2016
	Authorized	Issued and fully paid
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.

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. As at December 31, 2017 and 2016 there are no outstanding options held by employees.

Note 7 Taxes on income

A.Presented hereunder are the tax rates relevant to the Company in the years 2016-2017

Year	%
2016	25
2017	24

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 thereunder 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, 2017, the Company had a net carryforward tax loss of approximately NIS 292 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 as of December 31, 2017.

Note 8 Supplementary statements of operations information

A. Research and development costs

NIS in thousands

Particular	Years ended December 31,	
	2017	2016
Payroll and related expenses	39,750	41,443
Consultants and related expenses	7,426	10,066
Depreciation and amortization	1,764	1,515
Other	5,754	5,239
	54,694	58,263

B. Selling and marketing expenses:

NIS in thousands

Particulars	Years ended December 31,	
	2017	2016
Payroll and related expenses	6,394	17,051
Consultants and related expenses	488	1,365
Marketing	4,938	5,103
Travel and office expenses	4,838	4,836
Other	10,918	15,385
Related Parties	52,269	48,260
Related Parties - subcontractors	26,901	18,842
	106,746	110,842

C. General and administrative expenses:

NIS in thousands

Particulars	Years ended December 31,	
	2017	2016
	NIS in thousands	
Payroll and related expenses	10,003	12,695
Consultants and related expenses	1,552	781
Other	2,536	3,742
	14,091	17,218

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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 financials statements of Kallidus Inc. (‘the Company’) subsidiary company of Infosys Limited (‘the Holding Company’), which comprise the Balance Sheet as at December 31, 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 (hereinafter referred to as ‘Ind AS financial statements’) .

Managements’ 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 control 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 December 31, 2017 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.

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
May 4, 2018

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,536,735	1,451,986
Intangible assets	2.1	1,501,370	–
Deferred tax assets, net	2.11	2,045,018	2,156,051
Income tax assets, net	2.11	4,254,070	253,114
Total non-current assets		9,337,193	3,861,151
Current assets			
Financial assets			
Trade receivables	2.3	6,442,460	15,483,922
Cash and cash equivalents	2.4	8,269,697	14,381,792
Other financial assets	2.2	772,577	3,267,150
Other current assets	2.5	726,316	882,823
Total current assets		16,211,050	34,015,687
Total assets		25,548,243	37,876,838
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	2,479,691	2,479,691
Other equity		9,836,408	20,272,869
Total equity		12,316,099	22,752,560
Liabilities			
Non-current liabilities			
Other non-current liabilities	2.8	–	1,924,022
Deferred tax liabilities	2.11	787,812	–
Total non-current liabilities		787,812	1,924,022
Current liabilities			
Financial liabilities			
Trade payables	2.9	4,572,583	3,027,421
Other financial liabilities	2.8	6,550,945	6,506,018
Other current liabilities	2.10	1,320,804	875,412
Income tax liabilities, net			
	2.11		2,791,405
Total current liabilities		12,444,332	13,200,256
Total equity and liabilities		25,548,243	37,876,838

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 Kallidus, Inc.

Supreet Sachdev
Partner
Membership number : 205385

Frank Clark
Director

Arish Ali
Chief Executive Officer

Bengaluru
May 4, 2018

Statement of Profit and Loss

in US$, except equity share and per equity share data

Particulars	Note no.	Years ended December 31	
		2017	2016
Revenue from operations	2.12	29,558,184	56,230,421
Other income, net	2.13	33,931	50,626
Total income		29,592,115	56,281,047
Expenses			
Employee benefit expenses	2.14	17,466,598	14,509,755
Cost of technical sub-contractors		10,827,442	8,960,662
Travel expenses		1,385,217	878,194
Cost of software packages and others	2.14	328,177	300,912
Communication expenses		3,719,085	4,369,789
Consultancy and professional charges		1,674,484	1,060,705
Depreciation and amortization expense	2.1	925,892	75,939
Other expenses	2.14	7,348,264	1,281,449
Total expenses		43,675,159	31,437,405
Profit before tax		(14,083,044)	24,843,642
Tax expense			
Current tax	2.11	(4,545,427)	11,166,978
Deferred tax	2.11	898,845	(1,263,629)
Profit for the year		(10,436,462)	14,940,293
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		(10,436,462)	14,940,293
Earnings per equity share			
Equity shares			
Basic and diluted (US$)		(0.10)	0.15
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		102,135,416	102,135,416

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 Kallidus, Inc.

Supreet Sachdev
Partner
Membership number : 205385

Frank Clark
Director

Arish Ali
Chief Executive Officer

Bengaluru
May 4, 2018

Statement of Cash Flows

in US$

Particulars	Note no.	Years ended December 31, 2017	2016
Cash flow from operating activities			
Profit for the year		10,436,462)	14,940,293
Adjustments to reconcile net profit to net cash provided by operating activities			
Income taxes expenses		(3,646,582)	9,903,349
Depreciation and amortization expense		925,892	75,939
Interest and other income		(25,248)	(10,518)
Loss on sale of assets		6,022	1,704
Provision for doubtful debts		823,973	–
Changes in assets and liabilities			
Trade receivable and unbilled revenue		10,624,931	(9,338,761)
Prepayments and other assets		243,638	(280,893)
Trade Payables		1,545,162	915,560
Unearned revenues and other liabilities		(1,433,703)	3,569,386
Cash provided by operating activities		(1,372,377)	19,776,059
Income taxes paid		(2,246,934)	(9,442,200)
Net cash (used in) / provided by operating activities		(3,619,311)	10,333,859
Cash flow from investing activities			
Purchase of property, plant and equipment		(518,031)	(1,489,642)
Purchase of intangible assets		(2,000,000)	–
Interest and other income		25,248	10,518
Net cash used in investing activities		(2,492,783)	(1,479,124)
Net (decrease) / increase in cash and cash equivalents		(6,112,095)	8,854,735
Cash and cash equivalents at the beginning of the year		14,381,792	5,527,057
Cash and cash equivalents at the end of the year	2.4	8,269,697	14,381,792

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 Kallidus, Inc.

Supreet Sachdev
Partner
Membership number : 205385

Frank Clark
Director

Arish Ali
Chief Executive Officer

Bengaluru
May 4, 2018

Statement of Changes in Equity

Amount in US$, except share and per share data

Particulars	Share capital	Retained earnings	Total equity of the Company
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
Balance as of January 1, 2017	2,479,691	20,272,869	22,752,560
Net profit for the year	–	(10,436,462)	(10,436,462)
Balance as of December 31, 2017	2,479,691	9,836,408	12,316,099

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 Kallidus, Inc.

Supreet Sachdev
Partner
Membership number : 205385

Frank Clark
Director

Arish Ali
Chief Executive Officer

Bengaluru
May 4, 2018

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 clients.

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 relevant amendment rules issued thereafter.

Effective January 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with W AS 101, First-Time Adoption of Indian Accounting Standards, with January 1, 2015 as the transition date. 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 reporting 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 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 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 reporting 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 are 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 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 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.

1.9 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, 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.

1.9.2 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 reporting 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 the Statement of 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.

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.

1.12 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 reporting 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 reporting date.

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.

1.14 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they occurred.

1.15 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 reporting 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 reporting 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 reporting 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 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.

1.19 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 standalone financial statements for the year ended December 31, 2017

2.1 Property, plant and equipment, and intangible assets

The changes in the carrying value of property, plant and equipment and intangible asset for the year ended December 31, 2017 are as follows:

in US$

Particulars	Property, plant and equipment				Tangible Total	Intangible software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 2017	1,139,287	1,933	372,457	29,794	1,543,471	–	1,543,471
Additions	79,322	42,186	246,725	149,799	518,031	2,000,000	2,518,031
Deletions	–	–	(9,226)	(199)	(9,425)	–	(9,425)
Gross carrying value as of December 31, 2017	1,218,609	44,119	609,956	179,394	2,052,077	2,000,000	4,052,077
Accumulated depreciation as of January 1, 2017	(39,194)	(234)	(37,047)	(15,009)	(91,484)	–	(91,484)
Depreciation and amortization	(258,771)	(5,074)	(136,444)	(26,973)	(427,262)	(498,630)	(925,892)
Accumulated depreciation on deletions	–	–	3,345	58	3,403	–	3,403
Accumulated depreciation as of December 31, 2017	(297,965)	(5,308)	(170,146)	(41,924)	(515,343)	(498,630)	(1,013,973)
Carrying value as of December 31, 2017	920,644	38,812	439,809	137,470	1,536,735	1,501,370	3,038,105

The changes in the carrying value of property, plant and equipment and intangible asset for the year ended December 31, 2016 are as follows:

Particulars	Property, plant and equipment				Tangible Total	Intangible software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 2016	–	354	25,677	29,806	55,837	–	55,837
Additions	1,139,287	1,579	346,780	1,996	1,489,642	–	1,489,642
Deletions	–	–	–	(2,009)	(2,009)	–	(2,009)
Gross carrying value as of December 31, 2016	1,139,287	1,933	372,457	29,793	1,543,470	–	1,543,470
Accumulated depreciation as of January 1, 2016	–	(23)	(2,520)	(13,307)	(15,850)	–	(15,850)
Depreciation	(39,194)	(211)	(34,527)	(2,007)	(75,939)	–	(75,939)
Accumulated depreciation on deletions	–	–	–	305	305	–	305
Accumulated depreciation as of December 31, 2016	(39,194)	(234)	(37,047)	(15,009)	(91,484)		(91,484)
Carrying value as of December 31, 2016	1,100,093	1,700	335,410	14,784	1,451,986	–	1,451,986

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

2.2 Other financial assets

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Rental deposits [1]	66,178	59,488
Unbilled revenues [1][2]	700,881	3,108,323
Others [1][3]	5,518	99,339
Total	772,577	3,267,150
[1] Financial assets carried at amortized cost	772,577	3,267,150
[2] Includes dues from related parties (Refer to Note 2.16)	–	2,956,500
[3] Includes dues from related party (Refer to Note 2.16)	–	25,721

2.3 Trade receivables

in US$

Particulars	As at December 31,	
	2017	, 2016
Current		
Unsecured		
Considered good [1]	6,442,460	15,483,922
Considered doubtful	776,925	–
	7,219,385	15,483,922
Less : Allowances for credit losses	776,925	–
	6,442,460	15,483,922
[1] Includes dues from related party (Refer to Note 2.16)	4,097,965	2,984,557

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2017	2016
Balances with bank		
In current accounts	8,269,697	14,381,792
	8,269,697	14,381,792

2.5 Other assets

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Prepaid expenses	726,316	882,823
Total other assets	726,316	882,823

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows :

in US$

Particulars	As at December 31,	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	8,269,697	14,381,792
Trade receivables (Refer to Note 2.3)	6,442,460	15,483,922
Other financial assets (Refer to Note 2.2)	772,577	3,267,150
Total	15,484,734	33,132,864
Liabilities		
Trade payables (Refer to Note 2.9)	4,572,583	3,027,421
Other financial liabilities (Refer to Note 2.8)	5,923,566	8,059,057
Total	10,496,149	11,086,478

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$ 6,442,460 and US$ 15,483,922 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to US$ 700,881 and US$ 3,108,323 as of December 31, 2017 and December 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 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, 2017 was US$ 823,973 and Nil for the year ended December 31, 2016.

in US$

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	–	–
Impairment loss recognized / reversed	823,973	
Amounts written off	–	–
Translation differences	–	–
Balance at the end	823,973	–

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, 2017, the Company had a working capital of US$ 3,766,718 including cash and cash equivalents of US$ 8,269,697. As of December 31, 2016, the Company had a working capital of US$ 20,815,431 including cash and cash equivalents of US$ 4,381,792.

The details regarding the contractual maturities of significant financial liabilities as of December 31, 2017 are as follows:

in US$

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	4,572,583	–	–	–	4,572,583
Other financial liabilities	5,923,566	–	–	–	5,923,566

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

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

2.7 EQUITY

Equity share capital

in US$

Particulars	As at December 31,	
	2017	2016
Authorized capital		
Equity shares		
22,20,00,000 shares	–	–
Issued, subscribed and paid-up capital		
10,21,35,416 shares	2,479,691	2,479,691
	2,479,691	2,479,691

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, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited	102,135,416	100.00	102,135,416	100.00

2.8 Other financial liabilities

in US$

Particulars	December 31,	
	2017	2016
Non-current		
Accrued compensation to employees [1]	–	1,924,022
		1,924,022
Current		
Others		
Accrued compensation to employees [1]	5,189,356	5,263,656
Accrued expenses [1] [2]	613,432	844,133
Compensated absences	627,379	370,983
Other payables [1] [3]	120,778	27,246
	6,550,945	6,506,018
Total financial liabilities	6,550,945	8,430,040
[1] Financial liability carried at amortized cost	5,923,566	8,059,057
[2] Includes dues to related party (Refer to Note 2.16)	23,167	141,378
[3] Includes dues to related party (Refer to Note 2.16)	115,806	16,695

2.9 Trade payables

in US$

Particulars	December 31,	
	2017	2016
Trade payables (1)	4,572,583	3,027,421
	4,572,583	3,027,421
[1] Includes dues to related parties (Refer to Note 2.16)	4,428,821	2,720,652

2.10 Other liabilities

in US$

Particulars	December 31,	
	2017	2016
Current		
Unearned revenue	768,309	875,412
Others		
Withholding taxes and others	4,712	–
Deferred rent	269,782	–
Advance received from clients	278,001	–
	1,320,804	875,412

2.11 Income taxes

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

in US$

Particulars	Years ended December 31,	
	2017	2016
Current taxes	(4,545,427)	11,166,978
Deferred taxes	898,845	(1,263,629)
Income tax expense	(3,646,582)	9,903,349

Current tax expense for the year ended December 31, 2017 and December 31, 2016 includes provision amounting to US$ 13,206 and US$ 838,531, respectively pertaining to prior periods.

Entire deferred income tax for the year ended December 31, 2017 and December 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 US$

Particulars	Years ended December 31,	
	2017	2016
Profit before income taxes	(14,083,044)	24,843,642
Enacted tax rates in US	41.00%	41.00%
Computed expected tax expense	(5,774,048)	10,185,893
Overseas taxes	5,000	–
Tax provision	352,775	838,531
Effect of unrecognized deferred tax assets	191,898	–
Effect of differential overseas tax rates	1,485,051	–
Effect of non-deductible expenses	89,988	18,836
Others	2,754	(1,139,911)
Income tax expense	(3,646,582)	9,903,349

The applicable federal statutory tax rate for both fiscal 2017 and fiscal 2016 is 41%.

The following table provides the details of income tax assets and income tax liabilities:

in US$

Particulars	As atDecember 31,	
	2017	2016
Income tax assets	4,254,070	253,114
Current income tax liabilities	–	2,791,405
Net current income tax assets / (liability) at the end	4,254,070	(2,538,291)

The gross movement in the current income tax asset / (liability) is as follows:

in US$

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(2,538,291)	(813,513)
Income tax paid	2,246,934	9,442,200
Current income tax expense	4,545,427	(11,166,978)
Net current income tax asset / (liability) at the end	4,254,070	(2,538,291)

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,	
	2017	2016
Deferred income tax assets		
Accrued compensation to employees	1,401,126	2,003,948
Compensated absences	169,392	152,103
Others	474,500	–
Total deferred income tax assets	2,045,018	2,156,051
Deferred income tax liabilities		
Fixed Aassets	315,889	
Others	471,923	–
Total deferred income tax liabilities	787,812	–
Deferred income tax assets after set off	2,045,018	2,156,051
Deferred income tax liabilities after set off	787,812	–

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 is as follows:

in US$

Particulars	Years ended December 31,	
	2017	2016
Net deferred income tax asset at the beginning	2,156,051	892,422
Credits / (charge) relating to temporary differences	(898,845)	1,263,629
Net deferred income tax asset at the end	1,257,206	2,156,051

The credit to temporary difference during the year December 31, 2016 are primarily on account of deferred tax asset recognized on accumulated losses partially offset by accrued compensation to employees.

The credit to temporary difference during the year December 31,2015 are primarily on account of accrued compensation to employees and compensated absences.

2.12 Revenue from operations

in US$

Particulars	Years ended December 31,	
	2017	2016
Revenue from software services	29,558,184	56,230,421
	29,558,184	56,230,421

2.13 Other income

in US$

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets-carried at amortized cost		
Deposit with bank and others	25,248	10,518
Miscellaneous income, net	8,683	40,108
	33,931	50,626

2.14 Expenses

in US$

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	15,969,620	13,607,413
Staff welfare	1,496,978	902,342
	17,466,598	14,509,755
Cost of software packages and others		
For own use	328,177	300,912
	328,177	300,912

in US$

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Brand and Mmarketing	430,027	449,400
Operating lease payments	675,439	690,418
Rates and taxes	50,002	836
Repairs and Mmaintenance	36,021	38,055
Consumables	1,254	3,004
Insurance	26,624	25,321
Donation	5,250,641	–
Allowances for credit losses on financial assets	823,973	–
Auditors' remuneration		
Audit fees	30,355	61,000
Others	23,928	13,415
	7,348,264	1,281,449

2.15 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in US$

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the period	675,439	690,418

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

in US$

Particulars	As at December 31,	
Future minimum lease payable		
	2017	2016
Not later than 1 year	818,031	762,181
Later than 1 year and not later than 5 years	3,200,774	3,046,723
Later than 5 years	861,095	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 has price escalation clause.

2.16 Related party transactions

List of holding companies

Name of the holding company	As at December 31,	
	2017	2016
Infosys Limited	100%	100%

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India
Infosys Chile SpA (2)	Chile
Infosys Americas Inc., (Infosys Americas) (1)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1) (19)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) (1)	US
Infosys Canada Public Services Ltd.(3)(4)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) (18)	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland
Infosys McCamish Systems LLC (5)	US
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) (1)	Switzerland
Lodestone Management Consultants Inc. (6)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (6)	Czech Republic
Lodestone Management Consultants GmbH (6)	Austria

Name of the subsidiary	Country
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltd.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC (1)	US

(1) Associate of Infosys Nova Holdings LLC. Subsequently DWA Nova LLC, has been liquidated w.e.f. November 17, 2017.

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

in US$

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Infosys Limited	1,141,465	2,984,557
Infosys Shanghai	2,956,500	–
	4,097,965	2,984,557
Other financial assets		
Infosys Limited	–	25,721
	–	25,721
Unbilled revenues		
Infosys Limited	–	–
Infosys Shanghai	–	2,956,500
	–	2,956,500
Trade payables		
Infosys Limited	33,980	–
Skava Systems Pvt Ltd	4,394,841	2,720,652
	4,428,821	2,720,652
Other Payables		
Infosys Limited	115,806	16,695
	115,806	16,695
Accrued expenses		
Infosys Limited	23,167	141,378
	23,167	141,378

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

in US$

Particulars	Years ended December 31,	
	2017	2016
Revenue transactions		
Purchase of services		
Infosys Limited	1,246,426	136,293
Skava Systems Pvt Ltd	8,568,229	8,367,221
	9,814,655	8,503,514
Sale of services		
Infosys Shanghai	–	2,956,500
Infosys Limited	8,368,988	7,525,556
	8,368,988	10,482,056

2.17 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, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as whole. Its operations are, therefore, considered to constitute a single segment in the context of AS 108, Segment Reporting.

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INFOSYS TECHNOLOGIES (AUSTRALIA) PTY. LIMITED

Independent Auditors' Report

To the members of Infosys Technologies (Australia) Pty. Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Infosys Technologies (Australia) Pty. Limited ('the Company'), which comprises the Balance sheet as at March 31, 2018, 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 ' Ind AS financial statements')

Management's responsibility for the 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 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 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 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, 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 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 explanation 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 March 31, 2018 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder..

For Shenoy & Kamath

Chartered Accountants,
Firm registration number. 006673S

M. Rathnakar Kamath
Partner
Membership number. 202841.

Bengaluru.
April 9, 2018

Balance Sheet

in AU$

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	7,514,450	7,524,558
Other financial assets	2.2	49,642	10,948
Total current assets		7,564,092	7,535,506
Total assets		7,564,092	7,535,506
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	1,108,881	1,108,881
Other equity		6,439,612	6,254,743
Total equity		7,548,493	7,363,624
Liabilities			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.4	3,218	129,785
Income tax liabilities (net)	2.6	12,381	42,097
Total current liabilities		15,599	171,882
Total equity and liabilities		7,564,092	7,535,506

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

U.B.Pravin
Director

Andrew Groth
Director

Bengaluru
April 9, 2018

Statement of Profit and Loss

in AU$, except equity share and per equity share data

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue from operations		–	–
Other income	2.7	125,490	109,557
Total income		125,490	109,557
Expenses			
Consultancy and professional charges		(9,150)	6,036
Other expenses		(8,799)	1,739
Total expenses		(17,949)	7,775
Profit before tax		143,439	101,782
Tax expense			
Current tax	2.6	(41,430)	82,786
Profit for the year		184,869	18,996
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		184,869	18,996
Earnings per equity share			
Equity shares of par value AU$ 0.11 each			
Basic (AU$)		0.02	0.00
Diluted (AU$)		0.02	0.00
Weighted average equity shares used in computing earnings per equity share			
Basic	2.5	10,108,869	10,108,869
Diluted	2.5	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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
April 9, 2018

for and on behalf of the Board of Directors of
Infosys Technologies (Australia) Pty. Limited

U.B.Pravin
Director

Andrew Groth
Director

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, 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
Changes in equity for the year ended March 31, 2018			
Profit for the period	–	184,869	184,869
Balance as of March 31, 2018	1,108,881	6,439,612	7,548,493

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

U.B.Pravin
Director

Andrew Groth
Director

Bengaluru
April 9, 2018

Statement of Cash Flows

in AU$

Particulars	Years ended March 31,	
	2018	2017
Cash flow from operating activities:		
Profit for the period	184,869	18,996
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	(41,430)	82,786
Changes in assets and liabilities		
Other financial asets	(38,694)	(10,948)
Other financial liabilities, other liabilities and provisions	(126,567)	100,711
Cash generated from operations	(21,822)	191,545
Income taxes paid	11,714	(77,947)
Net cash generated / (used) by operating activities	(10,108)	113,598
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	(10,108)	113,598
Cash and cash equivalents at the beginning of the period	7,524,558	7,410,960
Cash and cash equivalents at the end of the period	7,514,450	7,524,558

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

U.B.Pravin
Director

Andrew Groth
Director

Bengaluru
April 9, 2018

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 relevant amendment rules issued thereafter.

Effective April 1, 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, with April 1, 2015 as the transition date. 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 currency is the Australian Dollar (AU$).

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 Dollars. These financial statements are presented in Australian 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.

1.6 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.

2.1 Cash and cash equivalents

in AU$

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current and deposit accounts	7,514,450	7,524,558
	7,514,450	7,524,558

2.2 Other financial assets

in AU$

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Interest accrued but not due	49,642	10,948
Total	49,642	10,948

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 March 31, 2018	As at March 31, 2017
Assets		
Cash and cash equivalents (Refer to Note 2.1)	7,514,450	7,524,558
Other financial assets (Refer to Note 2.2)	49,642	10,948
Total	7,564,092	7,535,506
Liabilities:		
Other financial liabilities (Refer to Note 2.4)	3,218	129,785
Total	3,218	129,785

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, 2018, the Company had a working capital of AU$ 7,548,494 including cash and cash equivalents of AU$ 7,514,450. 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.

2.4 Other financial liablities

in AU$

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Others		
Accrued expenses	3,218	27,395
Others	-	102,390
Total financial liabilities	3,218	129,785

All financial libilities are carried at amortized cost.

2.5 Equity

Equity share capital

in AU$, except as stated otherwise

Particulars	As at March 31, 2018	As at March 31, 2017
Authorized		
Equity shares,		
10,108,869 (10,108,869) equity shares AU$ 0.11 par value	1,108,881	1,108,881
Issued, subscribed and paid-up		
Equity shares		
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	1,108,881

The details of shareholder holding more than 5% shares are as follows :

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	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	Years ended March 31,	
	2018	2017
Current taxes	(41,430)	82,786
Income tax expense	(41,430)	82,786

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	Years ended March 31,	
	2018	2017
Profit before income taxes	143,439	101,782
Enacted tax rates in Australia	30.00%	30.00%
Computed expected tax expense	43,032	30,535
Tax effect due to non taxable income	(6,801)	(2,640)
Tax reversals, overseas	(77,661)	–
Effect of non-deductible expenses	–	54,891
Income tax expense	(41,430)	82,786

The applicable statutory tax rate for the fiscals 2018 and 2017 is 30%.

The details of income tax assets and income tax liabilities as of March 31, 2018 and March 31, 2017 are as follows :

in AU$

	As at March 31,	
	2018	2017
Income tax assets	–	–
Current income tax liabilities	12,381	42,097
Net current income tax assets / (liability) at the end	(12,381)	(42,097)

in AU$

Particulars	Years ended March 31,	
	2018	2017
Net current income tax asset / (liability) at the beginning	(42,097)	(37,258)
Income tax paid	(11,714)	77,947
Current income tax expense	41,430	(82,786)
Net current income tax asset / (liability) at the end	(12,381)	(42,097)

2.7 Other income

in AU$

Particulars	Years ended March 31	
	2018	2017
Interest received on deposit with bank	102,668	100,761
Exchange gains on translation of other assets and liabilities	22,668	8,796
Miscellanous income	154	–
	125,490	109,557

2.8 Related party transactions

List of holding companies

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country	Holdings as at March 31,	
		2018	2017
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil	100%	100%
Infosys Nova Holdings LLC. (Infosys Nova)	US	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Lodestone Management Consultants GmbH(1)	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	US	100%	100%
Infosys Chile SpA(2)	Chile	100%	–
Infosys Arabia Limited(3)	Saudi Arabia	70%	–
Infosys Americas Inc., (Infosys Americas)	US	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	US	100%	100%
Infosys Canada Public Services Ltd.(5)(6)	Canada	–	–
Infosys BPM Limited (formerly Infosys BPO Limited)	India	99.98%	99.98%
Infosys (Czech Republic) Limited s.r.o.(7)	Czech Republic	99.98%	99.98%
Infosys Poland, Sp z.o.o(7)	Poland	99.98%	99.98%
Infosys McCamish Systems LLC (7)	US	99.98%	99.98%
Portland Group Pty Ltd(7)	Australia	99.98%	99.98%
Infosys BPO Americas LLC.(7)	US	99.98%	99.98%
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%
Lodestone Management Consultants Inc.(4)(8)	US	100%	100%
Infosys Management Consulting Pty Limited(8)	Australia	100%	100%
Infosys Consulting AG(8)	Switzerland	100%	100%
Infosys Consulting GmbH(8)	Germany	100%	100%
Infosys Consulting SAS(8)	France	100%	100%
Infosys Consulting s.r.o.(8)	Czech Republic	100%	100%
Lodestone Management Consultants Co., Ltd.(8)	China	100%	100%
Infy Consulting Company Ltd(8)	UK	100%	100%
Infy Consulting B.V.(8)	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o(8)	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. (8)	Portugal	100%	100%
S.C. Infosys Consulting S.R.L.(8)	Romania	100%	100%
Infosys Consulting S.R.L.(8)	Argentina	100%	100%
Lodestone GmbH(8)(9)	Switzerland	–	–
Lodestone Augmentis AG (10)(11)	Switzerland	–	–
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(12)	Belgium	99.90%	99.90%
Infosys Consulting Ltda.(12)	Brazil	99.99%	99.99%
Panaya Inc. (Panaya)	US	100%	100%
Panaya Ltd.(13)	Israel	100%	100%
Panaya GmbH(13)	Germany	100%	100%
Panaya Japan Co. Ltd(4)(13)	Japan	100%	100%
Panaya Pty Ltd.(13)(14)	Australia	–	–
Noah Consulting LLC (Noah)(15)	US	–	100%
Noah Information Management Consulting Inc. (Noah Canada)(16)(17)	Canada	–	100%

Name of the subsidiary	Country	Holdings as at March 31,	
		2018	2017
Brilliant Basics Holdings Limited[18]	UK	100%	–
Brilliant Basics Limited[19]	UK	100%	–
Brilliant Basics (MENA) DMCC[19]	Dubai	100%	–
Infosys Consulting Pte Limited[1]	Singapore	100%	100%
Infosys Middle East FZ LLC[20]	Dubai	100%	–

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys Public Services, Inc.
(6) Liquidated effective May 9, 2017
(7) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(8) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(9) Liquidated effective December 21, 2016
(10) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(11) Liquidated effective October 5, 2016
(12) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(13) Wholly-owned subsidiary of Panaya Inc.
(14) Liquidated effective November 16, 2016
(15) Liquidated effective November 9, 2017
(16) Wholly-owned subsidiary of Noah
(17) Liquidated effective December 20, 2017
(18) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(19) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(20) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

Name of associates

Name of the associate	Country	Holdings as at March 31,	
		2018	2017
DWA Nova LLC[1]	US	–	16%

(1) DWA Nova LLC has been liquidated w.e.f. November 17, 2017.

INFOSYS CONSULTING LTDA.

Independent Auditors' Report

To the Members of Infosys Consulting Ltda.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Infosys Consulting Ltda. ('the company'), which comprises the Balance sheet as at 31st December 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 ' Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 31st December 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number. 006673S

(M. Rathnakar Kamath)
Partner
Membership Number. 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	51,74,192	1,21,46,827
Income tax assets (net)	2.14	26,07,81,872	75,92,536
Total non-current assets		26,59,56,064	1,97,39,363
Current assets			
Financial assets			
Trade receivables	2.4	28,07,47,766	23,65,94,606
Cash and cash equivalents	2.5	2,60,76,218	7,70,11,064
Loans	2.2	58,89,357	70,84,565
Other financial assets	2.3	17,54,28,614	39,36,43,671
Other current assets	2.6	6,82,82,840	28,40,82,875
Total current assets		55,64,24,795	99,84,16,781
Total assets		82,23,80,859	1,01,81,56,144
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	1,36,87,20,917	1,36,87,20,917
Other equity		(1,94,34,14,961)	(1,25,90,17,355)
Total equity		(57,46,94,044)	10,97,03,562
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	66,60,11,861	30,07,13,489
Total non-current liabilities		66,60,11,861	30,07,13,489
Current liabilities			
Financial liabilities			
Trade payables	2.10	16,77,85,441	5,68,64,296
Other financial liabilities	2.11	38,08,81,064	41,12,56,161
Other current liabilities	2.12	15,03,07,393	11,04,89,311
Provisions	2.13	53,42,178	65,01,506
Income tax liabilities (net)	2.14	2,67,46,966	2,26,27,819
Total current liabilities		73,10,63,042	60,77,39,093
Total equity and liabilities		82,23,80,859	1,01,81,56,144

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 Consulting Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue from operations	2.15	1,33,26,11,637	1,43,46,74,505
Other income, net	2.16	(49,90,554)	2,95,67,415
Total income		1,32,76,21,083	1,46,42,41,920
Expenses			
Employee benefit expenses	2.17	1,43,51,08,469	1,20,91,50,935
Cost of technical sub-contractors		23,12,69,535	14,01,48,476
Travel expenses		18,90,69,506	16,29,48,448
Communication expenses		1,62,33,164	1,48,20,596
Consultancy and professional charges		8,16,54,504	8,62,79,508
Depreciation expenses	2.1	68,55,617	78,04,093
Finance cost		2,69,72,889	89,05,842
Other expenses	2.17	5,60,62,656	6,38,20,761
Total expenses		2,04,32,26,340	1,69,38,78,659
Loss before tax		(71,56,05,257)	(22,96,36,739)
Tax expense			
Current tax	2.14	66,23,311	2,15,70,717
Loss for the period		(72,22,28,568)	(25,12,07,456)
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		3,78,30,962	4,40,77,642
Total other comprehensive income, net of tax		3,78,30,962	4,40,77,642
Total comprehensive income for the period		(68,43,97,606)	(20,71,29,814)
Earnings per equity share			
Equity shares of par value BRL 1/- each			
Basic and diluted (₹)		(8.74)	(3.15)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		8,26,56,615	7,98,27,448

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 Consulting Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Bengaluru
January 9, 2018

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, 2016	1,23,21,64,646	(1,61,43,57,817)	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
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	1,36,87,20,917	(1,86,55,65,273)	60,65,47,918	10,97,03,562
Changes in equity for the year ended December 31, 2017				
Currency translation	–	–	3,78,30,962	3,78,30,962
Loss for the period	–	(72,22,28,568)	–	(72,22,28,568)
Balance as of December 31, 2017	1,36,87,20,917	(2,58,77,93,841)	64,43,78,880	(57,46,94,044)

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 Consulting Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flows from operating activities		
Loss for the period	(72,22,28,568)	(25,12,07,456)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation expense	68,55,617	78,04,093
Income tax expense	66,23,311	2,15,70,717
Reversal for credit losses on financial assets	(11,28,688)	(7,05,875)
Finance Cost	2,69,72,889	89,05,842
Other adjustments	14,99,607	38,39,069
Exchange differences on translation of assets and liabilities	3,83,69,929	2,26,05,190
Changes in assets and liabilities		
Trade receivables	(4,30,24,472)	(21,17,47,559)
Other financial assets and other assets	43,40,15,092	(17,92,07,801)
Trade payables	11,09,21,145	5,22,05,781
Other financial liabilities and other liabilities and provisions	67,84,050	17,41,93,050
Cash generated from operations	(13,43,40,088)	(35,17,44,949)
Income taxes paid	(25,56,93,500)	(65,35,434)
Net cash used in operating activities	(39,00,33,588)	(35,82,80,383)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(4,21,949)	(47,99,045)
Loans to employees	11,95,208	(22,05,419)
Net cash flow from / used in investing activities	7,73,259	(70,04,464)
Cash flow from/used in financing activities		
Loan received	36,52,98,372	23,63,32,935
Finance Cost	(2,69,72,889)	–
Proceeds from issue of Share Capital	–	13,65,56,271
Net cash flow from financing activities	33,83,25,483	37,28,89,206
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	1,87,77,166
Net (decrease)/increase in cash and cash equivalents	(5,09,34,846)	76,04,359
Cash and cash equivalents at the beginning of the period	7,70,11,064	5,06,29,539
Cash and cash equivalents at the end of the period	2,60,76,218	7,70,11,064

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 Consulting Ltda.

M. Rathnakar Kamath
Partner
Membership number : 202841

Claudio Elsas
Director

Bengaluru
January 9, 2018

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 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 relevant amendments and rules issued there-after.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 in Indian Rupees.

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, net of indirect 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:

Computer equipment[1]	3-5 years
Furniture and fixtures[1]	5 years
Office Equipment[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, 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

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 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.

1.11 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 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 Brazilian Real (BRL). 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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. 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 were incurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	1,27,487	2,47,417	3,33,24,460	47,53,294	3,84,52,658
Additions	–	–	4,21,949	–	4,21,949
Translation difference	(9,581)	(18,595)	(25,04,519)	(3,57,237)	(28,89,932)
Gross carrying value as of December 31, 2017	1,17,906	2,28,822	3,12,41,890	43,96,057	3,59,84,675
Accumulated depreciation as of January 1, 2017	1,27,487	1,56,211	2,24,55,149	35,66,984	2,63,05,831
Depreciation	–	31,675	61,68,154	6,55,788	68,55,617
Translation difference	(9,581)	(13,538)	(20,23,745)	(3,04,101)	(23,50,965)
Accumulated depreciation as of December 31, 2017	1,17,906	1,74,348	2,65,99,558	39,18,671	3,08,10,483
Carrying value as of December 31, 2017	–	54,474	46,42,332	4,77,386	51,74,192
Carrying value as of January 1, 2017	–	91,206	1,08,69,311	11,86,310	1,21,46,827

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured, considered good		
Other loans		
Loans to employees	58,89,357	70,84,565
Total loans	58,89,357	70,84,565

2.3 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unbilled Revenues	16,02,42,335	38,02,69,928
Others[(1)]	1,51,86,279	1,33,73,743
Total	17,54,28,614	39,36,43,671

Particulars	As at December 31	
	2017	2016
Financial assets carried at amortized cost	17,54,28,614	39,36,43,671
[(1)] Includes dues from related parties (Refer to Note 2.19)	1,51,86,279	1,28,05,822

2.4 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	28,07,47,766	23,65,94,606
Considered doubtful	7,54,501	8,35,315
	28,15,02,267	23,74,29,921
Less : Allowances for credit losses	(7,54,501)	(8,35,315)
	28,07,47,766	23,65,94,606
[(1)] Includes dues from related parties (Refer to Note 2.19)	7,12,37,312	6,03,77,809

2.5 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current accounts	2,60,76,218	7,70,11,064
	2,60,76,218	7,70,11,064

2.6 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	25,379	1,80,049
Withholding taxes and others	6,82,57,461	28,39,02,826
Total other assets	6,82,82,840	28,40,82,875

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2017 and December 31, 2016 were as follows :

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.5)	2,60,76,218	7,70,11,064
Trade receivables (Refer to Note 2.4)	28,07,47,766	23,65,94,606
Loans (Refer to Note 2.2)	58,89,357	70,84,565
Other financial assets (Refer to Note 2.3)	17,54,28,614	39,36,43,671
Total	48,81,41,955	71,43,33,906
Liabilities		
Trade payables (Refer to Note 2.10)	16,77,85,441	5,68,64,296
Borrowings (Refer to Note 2.9)	66,60,11,861	30,07,13,489
Other financial liabilities (Refer to Note 2.11)	29,98,86,952	35,06,96,636
Total	1,13,36,84,254	70,82,74,421

All the above financial assets and liabilities 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 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. 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 and option(s) 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 foreign currency risk from financial instruments as of December 31, 2017 is as follows :

in ₹

Particulars	USD	Euro	GBP	CHF	Other currencies	Total
Cash and cash equivalents	–	–	–	–	–	–
Trade receivables	3,79,10,517	–	2,11,803	–	–	3,81,22,320
Other financials assets (including loans)	(13,90,567)	21,04,768	–	(20,14,14,858)	–	(20,07,00,657)
Trade payables	–	(5,86,26,489)	(1,89,816)	(5,08,64,518)	–	(10,96,80,823)
Other financial liabilities	1,42,652	(6,06,755)	–	(3,84,46,142)	(34,32,567)	(4,23,42,812)
Net assets / (liabilities)	3,66,62,602	(5,71,28,476)	21,987	(29,07,25,518)	(34,32,567)	(31,46,01,972)

The foreign currency risk from financial instruments as of December 31, 2016 is as follows :

in ₹

Particulars	USD	Euro	GBP	CHF	Other currencies	Total
Cash and cash equivalents	–	–	–	–	–	-
Trade receivables	1,60,02,928	–	6,14,821	–	–	1,66,17,749
Other financials assets (including loans)	(33,00,399)	–	(1,84,66,944)	(20,50,12,650)	–	(22,67,79,993)
Trade payables	–	(2,73,17,423)	(50,076)	(2,78,07,856)	(8,36,367)	(5,60,11,722)
Other financial liabilities	2,19,093	–	–	(3,33,35,000)	(9,09,392)	(3,40,25,299)
Net assets / (liabilities)	1,29,21,622	(2,73,17,423)	(1,79,02,199)	(26,61,55,506)	(17,45,759)	(30,01,99,266)

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 ₹28,07,47,766 and ₹23,65,94,606 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to ₹16,02,42,335 and ₹38,02,69,928 as of December 31, 2017 and December 31, 2016, 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the year ended December 31, 2017 and December 31, 2016 was ₹11,28,688 and ₹7,05,875, respectively.

in ₹

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	22,86,531	27,00,088
Impairment loss recognized / reversed	(11,28,688)	(7,05,875)
Amounts written off	–	–
Translation differences	(73,647)	2,92,318
Balance at the end	10,84,196	22,86,531

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 credit rating agencies.

Liquidity risk

The Company's principal source of liquidity are cash and cash equivalents.

As of December 31, 2017, the Company had cash and cash equivalents of ₹2,60,76,218. 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, 2017 and December 31, 2016, the outstanding compensated absences were ₹8,09,94,112 and ₹6,05,59,525, respectively.

2.8 Equity

Equity Share Capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
82,656,615 (82,656,615) equity shares of BRL1/- par value	1,36,87,20,917	1,36,87,20,917
Issued, Subscribed and Paid-Up		
82,656,615 (82,656,615) equity shares of BRL1/- par value	1,36,87,20,917	1,36,87,20,917
(Of the above, 82,656,605 equity shares are held by the holding company, Lodestone Holding AG)		
	1,36,87,20,917	1,36,87,20,917

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

in ₹, except as otherwise stated

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	8,26,56,605	99.99	8,26,56,605	99.99

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

in ₹, except as otherwise stated

Particulars	As at December 31, 2017		As at December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	8,26,56,615	1,36,87,20,917	7,58,24,615	1,23,21,64,646
Add: Shares issued during the year	–	–	68,32,000	13,65,56,271
Number of shares at the end of the period	8,26,56,615	1,36,87,20,917	8,26,56,615	1,36,87,20,917

2.9 Borrowings

in ₹

Particulars	As at December 31,	
	2017	2016
Non-current		
Unsecured Loan from Parent / Fellow subsidiary (Refer to Note 2.19) [1]	66,60,11,861	30,07,13,489
Total Borrowings	66,60,11,861	30,07,13,489

[1] The loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 5% per annum each, and are repayable at the discretion of the lender.

2.10 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	16,77,85,441	5,68,64,296
	16,77,85,441	5,68,64,296
[1] Includes dues to related parties (Refer to Note 2.19)	16,04,07,676	5,61,08,557

2.11 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	1,95,19,066	2,15,72,484
Accrued expenses [1]	4,19,93,556	5,13,48,814
Compensated absences	8,09,94,112	6,05,59,525
Other payables [2]	23,83,74,330	27,77,75,338
Total financial liabilities	38,08,81,064	41,12,56,161
Financial liability carried at amortized cost	29,98,86,952	35,06,96,636
[1] Includes dues to related parties (Refer note No.2.19)	19,76,351	3,58,15,639
[2] Includes dues to related parties (Refer note No.2.19)	23,80,59,117	25,25,98,106

2.12 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Unearned revenue	7,38,91,081	7,51,21,784
Others		
Client deposits	56,94,104	–
Withholding taxes and others	7,07,22,208	3,53,67,527
	15,03,07,393	11,04,89,311

2.13 Provisions

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Post-sales client support	53,42,178	65,01,506
	53,42,178	65,01,506

2.14 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	66,23,311	2,15,70,717
Income tax expense	66,23,311	2,15,70,717

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes reversals (net of provisions) amounting to ₹66,23,311 and ₹2,15,70,717 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	Years ended December 31,	
	2017	2016
Profit/(loss) before income tax	(71,56,05,257)	(22,96,36,739)
Enacted tax rates in Brazil (%)	34.00%	34.00%
Computed expected tax expense	(24,33,05,787)	(7,80,76,491)
Overseas taxes	66,23,311	2,15,70,717
Effect of unrecognized deferred tax assets	24,33,05,787	7,80,76,491
Income tax expense	66,23,311	2,15,70,717

The applicable Brazil statutory tax rate for year ended December 31,2017 and December 31,2016 is 34%.

The details of income tax assets and income tax liabilities as of December 31 2017 and December 31, 2016 are as follows:

in ₹

Particular	Years ended December 31,	
	2017	2016
Income tax assets	26,07,81,872	75,92,536
Current income tax liabilities	(2,67,46,966)	(2,26,27,819)
Net current income tax assets / (liability) at the end	23,40,34,906	(1,50,35,283)

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(1,50,35,283)	–
Income tax paid	25,56,93,500	65,35,434
Current income tax expense	(66,23,311)	(2,15,70,717)
Net current income tax asset / (liability) at the end	23,40,34,906	(1,50,35,283)

2.15 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from consultancy services	1,33,26,11,637	1,43,46,74,505
	1,33,26,11,637	1,43,46,74,505

2.16 Other income

in ₹

Particulars	Years ended December 31,	
	2017	2016
Exchange gains / (losses) on translation of other assets and liabilities	(49,90,554)	2,28,43,980
Miscellaneous income, net	–	67,23,435
	(49,90,554)	2,95,67,415

2.17 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	1,43,21,07,296	1,20,84,89,479
Share based payments to employees	22,00,414	–
Staff welfare	8,00,759	6,61,456
	1,43,51,08,469	1,20,91,50,935

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Power and fuel	10,613	12,844
Brand and marketing	19,94,993	65,46,220
Operating lease payments	2,23,51,662	2,08,97,166
Rates and taxes	1,08,10,746	1,37,84,327
Repairs and maintenance	1,57,45,861	1,51,45,030
Insurance	7,34,580	5,51,584
Provision / (Reversal) for post-sales client support	(7,00,807)	28,65,401
Allowances / (Reversals) for credit losses on financial assets	(11,28,688)	(7,05,875)
Others	62,43,696	47,24,064
	5,60,62,656	6,38,20,761

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	December 31,	
	2017	2016
Lease rentals recognized during the period	2,23,51,662	2,08,97,166

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

in ₹

Particulars	As at December 31,	
	2017	2016
Future minimum lease payable		
Not later than 1 year	2,35,77,131	2,54,93,078
Later than 1 year and not later than 5 years	3,41,86,840	6,28,12,112
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 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the 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

List of fellow subsidiaries

Name of 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 Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA (1)(2)	Chile
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1) (19)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Ltd.(3)(4)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) (18)	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland
Infosys McCamish Systems LLC (5)	US
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland
Lodestone Management Consultants Inc. (6)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (6)	Czech Republic
Lodestone Management Consultants GmbH (6)	Austria
Lodestone Management Consultants Co., Ltd. (6)	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) (6)	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada
Brilliant Basics Holdings Limited.(16)	UK
Brilliant Basics Limited (17)	UK
Brilliant Basics (MENA) DMCC (17)	Dubai

(1) Wholly-owned subsidiary of Infosys

(2) Incorporated effective November 20, 2017

(3) Wholly-owned subsidiary of Infosys Public Services, Inc.

(4) Liquidated effective May 9, 2017

(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Liquidated effective December 21, 2016

[8] Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
[9] Liquidated effective October 5, 2016
[10] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[11] Wholly-owned subsidiary of Panaya Inc.
[12] Liquidated effective November 16, 2016
[13] Liquidated effective November 9, 2017
[14] Wholly-owned subsidiary of Noah
[15] Liquidated effective December 20, 2017
[16] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK
[17] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[18] Majority-owned and controlled subsidiaries of Infosys
[19] Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC[1]	US
[1] Associate of Infosys Nova Holdings LLC.Subsequently DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.	

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

in ₹

Particulars	As at December 31, 2017	2016
Trade receivables		
Infosys Technologia DO Brasil LTDA	4,73,11,009	1,90,93,978
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	–	9,03,778
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)	2,898	1,00,272
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	2,37,11,602	3,96,37,102
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	2,11,803	6,42,679
	7,12,37,312	6,03,77,809
Prepaid and other financial assets		
Infosys Technologia DO Brasil LTDA	1,51,86,279	1,19,69,455
SC Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.)	–	8,36,367
	1,51,86,279	1,28,05,822
Borrowings		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)[1]	57,00,53,777	20,14,10,143
Infosys Consulting AG (formerly Lodestone Management Consultants AG)[1]	9,59,58,084	9,93,03,346
	66,60,11,861	30,07,13,489
Trade payables		
Infosys Technologia DO Brasil LTDA	5,97,17,219	–
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,84,350	50,076
SC Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.)	–	8,36,367
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	4,82,02,363	2,79,04,691
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	5,23,03,744	2,73,17,423
	16,04,07,676	5,61,08,557
Other Financial Liabilities		
Infosys Technologia DO Brasil LTDA	40,11,024	86,91,101
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	–	1,84,66,944
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	23,27,45,473	22,45,39,031
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)	–	1,76,049
Infosys Limited	13,02,620	7,24,981
	23,80,59,117	25,25,98,106
Accrued expenses		
Infosys Limited	19,76,351	9,46,652
Infosys Technologia DO Brasil LTDA	–	3,48,68,987
	19,76,351	3,58,15,639

[1]The loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 5% per annum each, and are repayable at the discretion of the lender.

in ₹

Particulars	Years ended December 31	
	2017	2016
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	13,65,56,271
	–	13,65,56,271
Borrowings net of repayment[1]		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	36,86,43,634	20,14,10,143
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	(33,45,262)	4,38,28,634
	36,52,98,372	24,52,38,777
Revenue transactions		
Purchase of services		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	11,93,49,216	3,10,41,639
Lodestone Management Consultants GmbH	–	2,46,640
SC Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) (Argentina)	2,26,531	–
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	1,39,691	49,201
Infosys Consulting AG	2,39,51,267	2,72,86,883
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	2,86,14,535	2,67,85,133
	17,22,81,240	8,54,09,496
Sale of services		
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	1,03,07,394	31,27,490
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	–	8,77,976
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	25,90,80,607	8,69,86,281
Infosys Consulting AG	1,24,41,401	4,69,73,950
	28,18,29,402	13,79,65,697
[1] Includes interest.		

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 the 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 .

LODESTONE MANAGEMENT CONSULTANTS CO., LTD.

Independent Auditors' Report

To the members of Lodestone Management Consultants Co., Ltd.

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Lodestone Management Consultants Co., Ltd., ('the Company'), which comprises the Balance Sheet as at December 31, 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 'Ind AS financial statements')

Management's responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,40,85,949	1,81,45,663
Total non-current assets		2,40,85,949	1,81,45,663
Current assets			
Financial assets			
Trade receivables	2.3	19,49,35,634	22,07,82,852
Cash and cash equivalents	2.4	1,01,36,560	11,82,80,804
Loans	2.2	14,73,139	–
Other financial assets	2.5	18,59,03,615	27,18,40,429
Other current assets	2.6	1,12,83,842	1,07,68,045
Total current assets		40,37,32,790	62,16,72,130
Total assets		42,78,18,739	63,98,17,793
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	43,08,31,210	43,08,31,210
Other equity		(1,52,89,70,387)	(84,81,03,011)
Total equity		1,09,81,39,177)	(41,72,71,801)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	41,85,56,028	–
Total non-current liabilities		41,85,56,028	–
Current liabilities			
Financial liabilities			
Trade payables	2.11	16,43,28,009	11,48,77,099
Other financial liabilities	2.10	23,97,59,719	20,41,29,445
Other current liabilities	2.12	67,88,02,715	70,97,03,637
Provisions	2.13	1,12,00,918	89,59,757
Income tax liabilities, net	2.14	1,33,10,527	1,94,19,656
Total current liabilities		1,10,74,01,888	1,05,70,89,594
Total equity and liabilities		42,78,18,739	63,98,17,793

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
January 9, 2018

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

Stone Zhu
Director

Statement of Profit and Loss

in ₹

Particulars	Note no.	Years ended December 31, 2017	2016
Revenue from operations	2.15	1,16,55,36,861	1,42,57,49,438
Other income, net	2.16	1,78,85,541	7,20,597
Total income		1,18,34,22,402	1,42,64,70,035
Expenses			
Employee benefit expenses	2.17	96,73,73,888	90,05,17,828
Travel expenses		28,00,20,937	26,20,61,635
Cost of technical sub-contractors		39,46,43,685	51,39,36,090
Communication expenses		70,18,944	67,74,743
Consultancy and professional charges		10,42,98,933	10,99,07,063
Depreciation expense		1,26,04,932	81,14,380
Other expenses	2.17	9,00,23,302	6,59,95,669
Total expenses		1,85,59,84,621	1,86,73,07,408
Loss before tax		(67,25,62,219)	(44,08,37,373)
Tax expense			
Current tax	2.14	(61,50,743)	1,94,19,656
Loss for the year		(66,64,11,476)	(46,02,57,029)
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		(1,44,55,900)	2,29,54,342
Total other comprehensive income, net of tax		(1,44,55,900)	2,29,54,342
Total comprehensive income / (loss) for the year		(68,08,67,376)	(43,73,02,687)

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
Lodestone Management Consultants Co., Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
January 9, 2018

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, 2016	15,82,28,571	(41,53,70,355)	88,97,401	(24,82,44,383)
Changes in equity for the year ended December 31, 2016				
Capital infusion	27,26,02,639	–	–	27,26,02,639
Currency translation	–	(43,27,370)	2,29,54,342	1,86,26,972
Loss for the period	–	(46,02,57,029)	–	(46,02,57,029)
Balance as of December 31, 2016	43,08,31,210	(87,99,54,754)	3,18,51,743	(41,72,71,801)
Changes in equity for the year ended December 31, 2017				
Currency translation	–	–	(1,44,55,900)	(1,44,55,900)
Loss for the period	–	(66,64,11,476)	–	(66,64,11,476)
Balance as of December 31, 2017	43,08,31,210	(1,54,63,66,230)	1,73,95,843	(1,09,81,39,177)

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
Lodestone Management Consultants Co., Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Note no.	Years ended December 31, 2017	2016
Cash flows from operating activities			
Loss for the period		(66,64,11,476)	(46,02,57,029)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		1,26,04,932	81,14,380
Income tax expense		(61,50,743)	1,94,19,656
Provision for post-sales client support		21,81,390	20,21,170
Allowance for credit losses on financial assets		39,26,263	(63,35,549)
Loss on sale of asset		2,18,264	–
Exchange differences on translation of assets and liabilities		(1,43,59,438)	1,89,47,490
Changes in assets and liabilities			
Trade receivables and unbilled revenue		10,31,08,845	(15,11,47,854)
Loans and other financial assets and other assets		41,70,702	(1,39,72,691)
Trade payables		4,94,50,910	6,64,53,561
Other financial liabilities, other liabilities and provisions		47,29,352	29,83,80,345
Cash generated from operations		(50,65,30,999)	(21,83,76,521)
Income taxes paid	2.13	–	–
Net cash generated by operating activities		(50,65,30,999)	(21,83,76,521)
Cash flow from investing activities			
Expenditure on property, plant and equipment net of sale proceeds		(1,86,96,134)	(1,71,20,598)
Loans to employees		(14,73,139)	12,53,934
Net cash used in investing activities		(2,01,69,273)	(1,58,66,664)
Cash flow from financing activities			
Share capital Infusion		–	27,26,02,639
Loan taken from parent company		41,85,56,028	–
Net cash used in financing activities		41,85,56,028	27,26,02,639
Net decrease in cash and cash equivalents		(10,81,44,244)	3,83,59,454
Cash and cash equivalents at the beginning of the period		11,82,80,804	7,99,21,350
Cash and cash equivalents at the end of the period		1,01,36,560	11,82,80,804

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
January 9, 2018

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

Stone Zhu
Director

Significant accounting policies

Company overview

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

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian 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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 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
Plant and machinery[(1)]	5 years
Office equipment	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, 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

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 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.

1.10.3 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

(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.

1.12 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 / 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 Renminbi Yuan. 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity."

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 on translation of other assets and liabilities.

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 incurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	3,17,251	7,55,521	3,35,88,459	72,57,425	4,19,18,656
Additions	–	–	69,68,099	1,17,28,035	1,86,96,134
Deletions	(1,61,914)	(3,11,732)	–	(56,91,295)	(61,64,941)
Translation difference	801	(5,389)	2,58,380	1,07,939	3,61,731
Gross carrying value as of December 31, 2017	1,56,138	4,38,400	4,08,14,938	1,34,02,104	5,48,11,580
Accumulated depreciation as of January 1, 2017	(42,228)	(6,62,354)	(1,70,72,264)	(59,96,147)	(2,37,72,993)
Depreciation	(54,292)	(33,765)	(99,93,276)	(25,23,599)	(1,26,04,932)
Accumulated depreciation on deletions	38,948	3,11,732	–	55,96,663	59,47,343
Translation difference	(1,197)	5,138	(2,59,785)	(39,205)	(2,95,049)
Accumulated depreciation as of December 31, 2017	(58,769)	(3,79,249)	(2,73,25,325)	(29,62,288)	(3,07,25,631)
Carrying value as of December 31, 2017	97,369	59,151	1,34,89,613	1,04,39,816	2,40,85,949
Carrying value as of January 1, 2017	2,75,023	93,167	1,65,16,195	12,61,278	1,81,45,663

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	–	7,91,829	2,00,19,991	58,21,623	2,66,33,443
Additions	3,30,118	–	1,50,13,564	17,76,916	1,71,20,598
Deletions	–	–	–	–	–
Translation difference	(12,867)	(36,308)	(14,45,096)	(3,41,114)	(18,35,385)
Gross carrying value as of December 31, 2016	3,17,251	7,55,521	3,35,88,459	72,57,425	4,19,18,656
Accumulated depreciation as of January 1, 2016	–	(5,96,482)	(1,02,59,911)	(58,21,623)	(1,66,78,016)
Depreciation	(43,300)	(97,262)	(75,19,639)	(4,54,179)	(81,14,380)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	1,072	31,390	7,07,286	2,79,655	10,19,403
Accumulated depreciation as of December 31, 2016	(42,228)	(6,62,354)	(1,70,72,264)	(59,96,147)	(2,37,72,993)
Carrying value as of December 31, 2016	2,75,023	93,167	1,65,16,195	12,61,278	1,81,45,663
Carrying value as of January 1, 2016	–	1,95,347	97,60,080	–	99,55,427

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	14,73,139	–
Total loans	14,73,139	–

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
CURRENT		
Unsecured		
Considered good [1]	19,49,35,634	22,07,82,852
Considered doubtful	16,02,527	2,27,042
	19,65,38,161	22,10,09,894
Less: Allowances for credit losses	16,02,527	2,27,042
	19,49,35,634	22,07,82,852
[1] Includes dues from related parties (Refer to Note 2.19)	4,30,01,285	1,95,58,761

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	1,00,58,211	11,82,62,237
Cash on hand	78,349	18,567
	1,01,36,560	11,82,80,804

2.5 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Security deposits [1]	98,20,000	98,23,423
Rental deposits [1]	93,21,057	1,24,68,859
Unbilled revenues [1]	16,22,43,378	24,34,93,693
Others [1][2]	45,19,180	60,54,454
Total	18,59,03,615	27,18,40,429
[1] Financial assets carried at amortized cost	18,59,03,615	27,18,40,429
[2] Includes dues from related parties (Refer to Note 2.19)	28,68,600	28,20,600

2.6 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	1,12,76,078	87,71,991
Withholding taxes and others	7,764	19,96,054
Total other assets	1,12,83,842	1,07,68,045

2.7 Financial Instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	1,01,36,560	11,82,80,804
Trade receivables (Refer to Note 2.3)	19,49,35,634	22,07,82,852
Loans (Refer to Note 2.2)	14,73,139	–
Other financial assets (Refer to Note 2.6)	18,59,03,615	27,18,40,429
Total	39,24,48,948	61,09,04,085
Liabilities		
Trade payables (Refer to Note 2.11)	16,43,28,009	11,48,77,099
Borrowings (Refer to Note 2.9)	41,85,56,028	–
Other financial liabilities (Refer to Note 2.10)	22,16,56,255	20,41,29,445
Total	80,45,40,292	31,90,06,544

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates 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 taken loan from its parent company to meet its working capital requirements.

As of December 31, 2017 and December 31, 2016, the outstanding compensated absences were ₹18,102,915 and ₹23,899,464, respectively.

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 ₹194,935,634 and ₹220,782,852 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to ₹162,243,378 and ₹243,493,693 as of December 31, 2017 and December 31, 2016, 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The allowance for lifetime ECL on customer balances for the year ended December 31, 2017 was ₹3,926,263 and reversal for lifetime ECL on customer balances for the year ended December 31, 2016 was ₹6,335,549.

in ₹

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	12,66,723	80,94,424
Impairment loss recognized / reversed	39,26,263	(63,35,549)
Amounts written off	(30,01,585)	(4,17,605)
Translation differences	62,425	(74,547)
Balance at the end	22,53,827	12,66,723

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 credit rating agencies.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2017	2016
Authorized		
Equity shares of US$ 69,30,000	43,08,31,210	43,08,31,210
Issued, subscribed and paid up		
Equity shares of US$ 69,30,000 (wholly-owned by Infosys Consulting Holding AG)	43,08,31,210	43,08,31,210
	43,08,31,210	43,08,31,210

2.9 Borrowings

in ₹

Particulars	As at December 31, 2017	2016
Non-current		
Unsecured Loan from Parent Company (Refer to Note 2.19)	41,85,56,028	–
Total borrowings	41,85,56,028	–

2.10 Other financial liabilities

in ₹

Particulars	As at December 31, 2017	2016
Current		
Others		
Accrued compensation to employees	6,64,54,269	5,07,66,138
Accrued expenses [1]	15,52,01,986	12,73,64,405
Compensated absences	1,81,02,915	2,38,99,464
Other payables	549	20,99,438
Total financial liabilities	23,97,59,719	20,41,29,445
Financial liability carried at amortized cost	22,16,56,255	18,02,29,981
[1] Includes dues to related parties (Refer to Note 2.19)	17,67,393	9,63,855

2.11 Trade payables

in ₹

Particulars	As at December 31, 2017	2016
Trade payables [1]	16,43,28,009	11,48,77,099
	16,43,28,009	11,48,77,099
[1] Includes dues to related parties (Refer to Note 2.19)	15,03,84,233	8,87,78,252

2.12 Other liabilities

in ₹

Particulars	As at December 31, 2017	2016
Current		
Unearned revenue	2,22,11,373	5,74,62,619
Others		
Withholding taxes and others	2,24,14,318	1,61,39,768
Others[1]	63,41,77,024	63,61,01,250
	67,88,02,715	70,97,03,637
[1] Includes dues to related parties (Refer to Note 2.19)	63,29,38,787	63,61,01,250

2.13 Provisions

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Post-sales client support and warranties	1,12,00,918	89,59,757
	1,12,00,918	89,59,757

Provision for post-sales client support and warranties

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

in ₹

Particulars	As at December 31,	
	2017	2016
Balance at the beginning	89,59,757	73,72,116
Provision recognized / (reversed)	21,81,390	20,21,170
Provision utilized	–	–
Exchange difference	59,771	(4,33,529)
Balance at the end	1,12,00,918	89,59,757

2.14 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	(61,50,743)	1,94,19,656
Income tax expense	(61,50,743)	1,94,19,656

Current tax expense for the years ended December 31, 2017 includes reversals amounting to ₹61,50,743 pertaining to prior periods. Current Tax expense for the year ended December 31, 2016 includes net of provisions amounting to ₹19,419,656 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	Years ended December 31,	
	2017	2016
Profit / (Loss) before income tax	(67,25,62,219)	(44,08,37,373)
Enacted tax rates in China (%)	25.00%	25.00%
Computed expected tax expense	(16,81,40,555)	(11,02,09,343)
Tax reversals / (provisions)	(61,50,743)	1,94,19,656
Effect of unrecognized deferred tax assets	16,81,40,555	11,02,09,343
Income tax expense	(61,50,743)	1,94,19,656

The applicable China statutory tax rate for the years ended December 31, 2017 and 2016 is 25%.

The details of income tax assets and income tax liabilities as of December 31, 2017 and 2016 are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income tax assets	–	–
Current income tax liabilities	1,33,10,527	1,94,19,656
Net current income tax assets / (liability) at the end	(1,33,10,527)	(1,94,19,656)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(1,94,19,656)	12,612
Income tax paid	–	–
Current income tax expense (Refer to Note 2.13)	61,50,743	(1,94,19,656)
Translation difference	(41,614)	(12,612)
Net current income tax asset / (liability) at the end	(1,33,10,527)	(1,94,19,656)

2.15 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from consultancy services	1,16,55,36,861	1,42,57,49,438
	1,16,55,36,861	1,42,57,49,438

2.16 Other income

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	99,349	1,07,241
Exchange gains / (losses) on translation of other assets and liabilities	1,77,05,028	–
Miscellaneous income, net	81,164	6,13,356
	1,78,85,541	7,20,597

2.17 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	95,21,34,209	86,94,12,884
Staff welfare	1,52,39,679	3,11,04,944
	96,73,73,888	90,05,17,828

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Power and fuel	4,45,219	3,58,423
Brand and marketing	1,29,12,003	1,37,33,554
Operating lease payments	3,29,84,431	2,65,08,429
Rates and taxes	1,00,07,791	74,18,724
Repairs and maintenance	1,67,48,416	53,92,653
Insurance	7,57,394	7,57,382
Provision for post-sales client support and warranties	21,81,390	20,21,170
Impairment loss recognized / (reversed) on financial assets	39,26,263	(63,35,549)
Others	1,00,60,395	1,61,40,883
	9,00,23,302	6,59,95,669

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the period	3,29,84,431	2,65,08,429

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,	
	2017	2016
Not later than 1 year	1,71,92,220	1,85,92,950
Later than 1 year and not later than 5 years	1,21,00,861	80,58,658
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 Related party transactions

List of holding companies:

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the utimate 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.

List of fellow subsidiaries:

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [1]	US
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia

Name of the subsidiary	Country
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys

(2) Incorporated effective November 20, 2017

(3) Wholly-owned subsidiary of Infosys Public Services, Inc.

(4) Liquidated effective May 9, 2017

(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Liquidated effective December 21, 2016

(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

(9) Liquidated effective October 5, 2016

(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(11) Wholly-owned subsidiary of Panaya Inc.

(12) Liquidated effective November 16, 2016

(13) Liquidated effective November 9, 2017

(14) Wholly-owned subsidiary of Noah

(15) Liquidated effective December 20, 2017

(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(18) Majority-owned and controlled subsidiaries of Infosys

(19) Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC[1]	US

[1] Associate of Infosys Nova Holdings LLC. Subsequently, DWA Nova LLC, has been liquidated w.e.f. Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Technologies (China) Co. Limited (Infosys China)	49,49,755	28,80,247
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	10,87,734	80,66,709
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	1,23,64,582	9,931
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	22,23,874	–
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	2,23,75,340	86,01,875
	4,30,01,285	1,95,58,761
Other Receivables		
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	28,68,600	28,20,600
	28,68,600	28,20,600
Borrowings		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	41,85,56,028	–
	41,85,56,028	–
Trade payables		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	6,39,13,358	4,25,74,142
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	14,44,208	30,49,416
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,29,420	–
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	8,48,97,247	4,31,54,694
	15,03,84,233	8,87,78,252
Other payables		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	32,17,40,101	33,12,53,053
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	8,35,10,188	8,19,24,784
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	22,62,30,200	22,20,62,000
Infosys Ltd.	14,58,298	8,61,413
	63,29,38,787	63,61,01,250
Provision for Expense		
Infosys Ltd.	17,67,393	9,63,855
	17,67,393	9,63,855

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

in ₹

Particulars	As at December 31	
	2017	2016
Capital transactions		
Financing transactions		
Loans (net of repayment)[1]		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	41,85,56,028	–
	41,85,56,028	–
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	4,04,93,557	5,87,19,618
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	2,22,72,640	2,20,43,564
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	42,55,333	30,43,884
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,28,629	–
Infosys Technologies (China) Co. Limited (Infosys China)	–	13,194
	6,71,50,159	8,38,20,260
Sale of services		
Infosys Technologies (China) Co. Limited (Infosys China)	70,05,733	56,37,913
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	1,97,58,299	1,46,07,192
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	2,92,68,663	1,35,88,821
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	3,04,10,040	–
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	1,27,00,705	3,94,69,466
	9,91,43,440	7,33,03,392

(1) Includes Interest.

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 the 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 Sp. Z o.o.

Independent Statutory Auditor's Report on the Audit of Annual Financial Statement

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 Wrocław, Strzegomska Street 142a, including:

- introduction to the financial statements,
- Balance Sheet prepared as of December 31 2017, with total assets and liabilities plus equity of PLN 17,442,984.20,
- Profit and Loss Account for the period from 1 January 2017 to December 31 2017, disclosing a net profit of PLN 2,917,232.14,
- Statement of Changes in Equity for the period from 1 January 2017 to December 31 2017, disclosing an increase in equity of PLN 2,917,232.14,
- Cash Flow Statement for the period from 1 January 2017 to December 31 2017, showing a net cash decrease of PLN 4,821,577.27,
- Additional information and explanations, (hereinafter referred to as 'the financial statements').

Responsibility of the Company's Management Board for the financial statements

The Management Board of the Company is responsible for the preparation of the financial statements, based on correctly kept accounting books, and their fair presentation in accordance with the Accounting Act of 29 September 1994 (Dz. U. of 2017 No. 2342, further referred to as "the Accounting Act"), its executor provisions and other laws in force as well as the articles of association of the Company. The Management Board is also responsible for internal control as the Management determines necessary to enable the preparation of the financial statements that are free from misstatements, whether due to fraud or error.

In accordance with the Accounting Act, the Management Board is obliged to ensure the financial statements and the report on activities meet the requirements of the Accounting Act.

Auditor's responsibility

Our responsibility was to express an opinion whether the financial statements presented fairly and clearly the economic and financial 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 (policies) adopted by the Company.

Our audit of the financial statements has been planned and performed in accordance with:

1) the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Dz. U. of 2017 No. 1089, further referred to as the Act on statutory auditors),

2) National Auditing Standards in the form of International Standards on Auditing as adopted by Resolution No. 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015 with subsequent amendments.

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 misstatements.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting principles (policies) used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include any assurance on the future profitability of the audited Company nor the efficiency or effectiveness of current or future management of the Company's operations.

We believe that our audit evidence provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the audited financial statements:

- present true and fair view of the economic and financial position of the Company as of December 31 2017 as well as its financial result for the financial year from 1 January 2017 to December 31 2017 in accordance with applicable regulations of the Accounting Act and the accounting principles (policies) adopted by the Company,
- have been prepared based on properly kept accounting records, in accordance with the provisions of Chapter II the Accounting Act, and
- comply in their form and content with the applicable provisions of law and the Company's articles of association .

Opinion on the report on the activities

Our audit opinion on the financial statements does not refer to the report on activities.

The Management Board of the Company is responsible for preparation of the report on activities in accordance with the law.

Our responsibility, as required by the Act on statutory auditors, was to express an opinion, whether the report on activities had been prepared in accordance with the law and whether it had been consistent with information included in the annual financial statements. Our responsibility was also to submit a statement if, based on our knowledge of the Company and its environment acquired during the audit, we had found material misstatements in the report on activities as well as the indication on the nature of each of the material misstatements.

In our opinion, the report on activities has been prepared in accordance with the applicable law and is consistent with the information included in the annual financial statements. Furthermore, we declare that based of our knowledge of the Company and its environment obtained during the audit of financial statements we have not identified any material misstatements in the report on activities.

Piotr Łyskawa
Key certified auditor
No. 90051

Bielany Wrocławskie,
February 9, 2018

The above auditor's 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.

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 to17,442,984.20 zł
- profit and loss account,showing net income amounting to2,917,232.14 zł
- statement of changes in equity
- cashflow statement
- notes to the financial statements

For and on behalf of

Crowe Advartis Accounting Sp. z o.o.

9 lutego 2018 r.

Approved for and on behalf of

Infosys Consulting Sp.z o.o.

Robert Boreczek
President of the Board
09 February 2018

Peter Urs Fischer
Vice President of the Board
09 February 2018

1. Principal activities of the Company

Infosys Consulting Sp. z o.o. (from 14 January 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. 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 1 January to December 31 2017. Comparative data are presented for the same period of prior financial year.

3.Summary of principal accounting policies

(a) Basis of preparation

The accounting policies adopted in the preparation of the financial statements are in accordance with the Accounting Act of 29 September 1994 (Journal of Laws No. 121/591, with subsequent amendments), which specifies, inter-alia, accounting principles for entities which have their registered office or place of management on the territory of the Republic of Poland.

Accounting records are kept on the historical cost basis.

Profit and loss account was prepared using comparative method.

In preparing these financial statements appropriate accounting policies in respect of the Company's operations were applied on a consistent basis in the period ended December 31 2017 as well as in the period ended 31 December 2016.

(b) Tangible fixed assets and intangible assets

Tangible fixed assets are assets with economic useful life of more than one year, ready for the Company's own use.

Intangible assets include property rights used by the Company in the operations, with economic useful life of more than one year.

Tangible fixed assets and intangible assets are stated at cost of purchase or manufacture or revalued amounts, less accumulated depreciation and permanent diminution in value.

Tangible fixed assets also include third party assets used under finance lease agreements, if the relevant agreement meets the criteria set out in the Act. Lease agreements signed by the Company relate to cars.

Fixed assets under construction are new assets during the construction, assembly or improvement of existing fixed assets.

Prepayments for fixed assets under construction represent cash means or equivalents paid to suppliers for future deliveries of fixed assets and fixed assets under construction.

Fixed assets are stated in net book value, which is the initial cost less accumulated depreciation or 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

i. Prepayments

Prepayments include invoiced amounts of services to be received in future periods. The timing and method of recognition in the income statement should correspond to the nature of the expenses recognized, taking account of the prudence principle.

ii. 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.

iii. 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.

Costs 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 amount of cumulative profits or losses from previous years.

Share capital is stated at nominal value in the amount specified in Articles of Association and entered in the Commercial Register.

Share capital not paid up (negative amount) represents amounts due but not paid by shareholders.

Based on the shareholders resolution describing the date and the amount of additional shareholders' contributions, the amount of the additional shareholders' contributions is stated as separate item of equity as long as the contributions are used according to their purpose. Additional contributions not paid up are stated as a negative amount.

Supplementary capital includes premiums arising on issue of shares, other amounts determined by legislation or the Articles of Association and amounts transferred from profit and loss account on the basis of resolutions of general meetings of shareholders.

Retained earnings (losses) brought forward include cumulative profits and losses from previous years which have not been distributed or appropriated by resolution of general meetings of shareholders.

(h) Liabilities

Liabilities are long term if they are due more than one year from the Balance Sheet date. Liabilities are short term if they are due within a year from the Balance Sheet date.

Liabilities are stated at amounts due in respect of goods or services received, including the late interest due at the Balance Sheet date. Interest is charged to financial costs.

(i) Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Polish currency at the Balance Sheet date using the average rate determined for that currency by the National Bank of Poland as on the Balance Sheet date.

Business transactions denominated in foreign currencies are accounted for as on the date they are performed at:

- the average rate determined for that currency by the National Bank of Poland in case of foreign currency sales or purchases transactions, as well as of the debt or liability payment transactions;

- the average rate of a given currency specified by the National Bank of Poland as on the date previous to transaction date, unless a customs document indicates another rate in case of sales and purchases transactions.

Realised foreign exchange gains or losses as well as gains or losses arising on translation of foreign currency balances at the Balance Sheet date are credited or charged to financial income or costs respectively, and in justified cases charged to manufacture costs of finished goods or acquisition cost of goods for resale, fixed assets, fixed assets under construction or intangible assets.

(j) Revenue recognition

Sales are 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 tax losses as carried forward, taking account of the prudence principle.

The Company calculates deferred tax assets taking into account all deductible temporary differences and the tax losses as 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 carried forward and unrealized exchange gains and losses.

In the circumstances when temporary differences arise and reverse in the periods when different tax rates are applicable, for the purpose of calculation of deferred tax assets and liabilities those temporary differences which arise at first are assumed to reverse first.

The Company offsets deferred tax assets and deferred tax liabilities.

(l) Changes in accounting policies

In the year ended December 31 2017 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 2017 there were no changes in methods of preparation of financial statements.

Balance Sheet

in PLN

Particulars	Note	As at December 31, 2017	As at December 31, 2016
ASSETS			
Fixed Assets		410,704.36	2,622,226.02
Intangible assets		–	–
Development costs		–	–
Goodwill		–	–
Other intangible assets		–	–
Prepayments for intangible assets		–	–
Fixed tangible assets	1	307,649.81	347,796.59
Fixed assets		307,649.81	347,796.59
Freehold land (including perpetual usufruct of land)		–	–
Buildings and structures		–	–
Plant and machinery		253,715.43	337,137.46
Vehicles		–	–
Other tangible fixed assets		53,934.38	10,659.13
Fixed assets under construction		–	–
Prepayments for fixed assets under construction		–	–
Long-term receivables		–	–
Related entities		–	–
From other entities in which the entity has involvement in capital		–	–
Other entities		–	–
Long-term investments		–	–
Long-term prepayments	7	103,054.55	2,274,429.43
Deferred income tax assets		103,054.55	2,274,429.43
Other prepayments		–	–
Current assets		17,032,279.84	19,018,862.06
Inventories		–	–
Raw materials		–	–
Semi-finished products and work in progress		–	–
Finished products		–	–
Goods for resale		–	–
Prepayments for inventories		–	–
Receivables and claims	8	10,287,625.67	7,236,512.99
Related entities	16	3,244,250.50	2,765,389.35
trade debtors payable within a period of		3,244,250.50	2,765,389.35
- up to 12 months		3,244,250.50	2,765,389.35
- over 12 months		–	–
other		–	–
Receivables from other entities in which the entity has equity involvement		–	–
Other entities		7,043,375.17	4,471,123.64
trade debtors payable within a period of		6,067,291.40	3,829,901.53
- up to 12 months		6,067,291.40	3,829,901.53
- over 12 months		–	–
taxation, state subsidy and social security receivables		464,065.94	133,983.69
other debts		512,017.83	507,238.42
receivables in court		–	–
Short-term investments		6,690,828.68	11,512,405.95
Short term financial assets		6,690,828.68	11,512,405.95
in related entities		–	–
in other entities		–	–
cash and other monetary assets		6,690,828.68	11,512,405.95
- cash in hand and at bank		6,690,828.68	11,512,405.95
- other cash equivalents		–	–
- other monetary assets		–	–
Other short-term investments		–	–

Particulars	Note	As at December 31,	
		2017	2016
Short-term prepayments	9	53,825.49	269,943.12
Share capital not paid up		–	–
Entity's own shares		–	–
Total assets		17,442,984.20	21,641,088.08
LIABILITIES and EQUITY			
Equity		6,632,062.16	3,714,830.02
Share capital (fund)	10	1,000,000.00	1,000,000.00
Share capital not paid up		–	–
Entity's own shares		–	–
Additional shareholders' contributions		–	–
Additional shareholders' contributions not paid up		–	–
Supplementary capital (fund)	11	2,173,201.69	2,173,201.69
Revaluation reserve		–	–
Other reserves (funds)		–	–
Retained earnings (losses) brought forward		541,628.33	584,683.28
Net profit (loss) for the year	12	2,917,232.14	(43,054.95)
Write-offs from net profit for the financial year (negative amount)		–	–
Liabilities and provisions		10,810,922.04	17,926,258.06
Provisions	13	–	–
Deferred income tax provision		–	–
Provision for retirement pensions and similar benefits		–	–
Other provisions		–	–
Long-term liabilities		–	–
Related entities		–	–
To other entities in which the entity has equity involvement		–	–
Other entities		–	–
Loans		–	–
Debentures		–	–
Other financial liabilities		–	–
Promissory note obligations		–	–
Other		–	–
Short-term liabilities		1,967,534.19	3,697,282.63
Related entities	16	492,621.27	789,248.25
Trade creditors with maturity period of		492,621.27	789,248.25
- Up to 12 months		492,621.27	789,248.25
- Over 12 months		–	–
Other		–	–
Liabilities to other entities in which the entity has equity involvement			
Other entities		1,437,238.82	2,764,287.36
Loans		–	-
Debentures		–	–
Other financial liabilities		–	–
Trade creditors with maturity period of	8	11,480.52	4,009.80
- Up to 12 months		11,480.52	4,009.80
- Over 12 months		–	–
Payments received on account		–	–
Bills of exchange payable		–	–
Taxation, customs duty and social security liabilities		1,245,380.83	2,433,003.00
Wages and salaries payable		–	–
Other short term payables		180,377.47	327,274.56
Special funds		37,674.10	143,747.02
Accruals and deferred income	17	8,843,387.85	14,228,975.43
Negative goodwill		–	–
Other accruals and deferred income		8,843,387.85	14,228,975.43
- Long-term accruals and deferred income		49,404.21	84,277.77
- Short-term accruals and deferred income		8,793,983.64	14,144,697.66
Total liabilities and equity		17,442,984.20	21,641,088.08

Profit and Loss Account

in PLN

Particulars	Note	As at December 31,	
		2017	2016
Sales	18	62,121,805.41	59,682,556.05
- from related parties		25,673,377.01	40,704,436.91
Sales of finished goods		62,121,805.41	59,682,556.05
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		54,856,835.05	58,620,966.33
Depreciation and amortization		251,634.45	250,282.03
Consumption of materials and energy		532,513.01	566,491.94
External services		15,203,917.25	20,987,368.94
Taxes and charges, including		308,786.04	303,459.56
- excise duty		–	–
Wages and salaries		28,170,646.06	25,203,626.91
Employee benefits		5,217,657.85	4,365,643.09
- retirement		2,118,026.63	1,653,740.02
Other expenses		5,171,680.39	6,944,093.86
Cost of raw materials and goods for resale sold		–	–
Gross loss after selling, general and administrative expenses		7,264,970.36	1,061,589.72
Other operating income		9,152.21	5,615.57
Profit from non-financial fixed assets sold		163.75	105.76
Revaluation of non-financial assets		–	–
Subsidies received		–	–
Other operating income		8,988.46	5,509.81
Other operating expenses		1,866.10	7,761.89
Loss on non financial fixed assets sold		–	–
Revaluation of non-financial assets		–	–
Other operating expenses		1,866.10	7,761.89
Operating loss		7,272,256.47	1,059,443.40
Financial income		0.23	0.30
Dividends received, including those		–	–
- from related entities		–	–
Interest received, including interest		0.23	0.30
- from related entities		–	–
Profit from investments sold		–	–
Revaluation of investments		–	–
Other		–	–
Financial expenses		1,458,818.68	549,136.34
Interest, including interest payable		13.52	305.52
- to related entities		–	–
Loss from investments sold		–	–
Revaluation of investments		–	–
Other		1,458,805.16	548,830.82
Loss before tax		5,813,438.02	510,307.36
Income tax	22	2,896,205.88	553,362.31
Other mandatory charges		–	–
Net profit (loss)		2,917,232.14	(43,054.95)

Statement of Changes in Equity

in PLN

Particulars	As at 31 December	
	2017	2016
Equity at the beginning of period	3,714,830.02	4,557,884.97
fundamental errors adjustments	–	–
Equity at the beginning of period after adjustments	3,714,830.02	4,557,884.97
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
Additional shareholders' contributions at the beginning of period	–	800,000.00
increase	–	–
decrease (due to)	–	(800,000.00)
Additional shareholders' contributions at the end of period	–	–
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	2,173,201.69	–
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	2,173,201.69	–
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	584,683.28
Profit brought forward at the beginning of period	584,683.28	584,683.28
Changes in accounting policies	–	–
- Revaluation of assets and liabilities denominated in foreign currencies	–	–
- Deferred taxation	–	–
Other adjustments	–	–
Profit brought forward at the beginning of period, after adjustments	584,683.28	584,683.28
increase (due to)	–	–
- distribution of profit brought forward	–	–
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	–	–
Changes in accounting policies	–	–
- Revaluation of assets and liabilities denominated in foreign currencies	–	–
- Deferred taxation	–	–

Particulars	As at 31 December	
	2017	2016
Other adjustments	–	–
Loss brought forward at the beginning of period, after adjustments	–	–
increase (due to)	(43,054.95)	–
- loss coverage	(43,054.95)	–
decrease (due to)	–	–
- distribution of profit brought forward	(43,054.95)	–
Loss brought forward at the end of period	(43,054.95)	–
Profit (loss) brought forward at the end of period	541,628.33	584,683.28
Net profit (loss) for the year	2,917,232.14	(43,054.95)
Net profit for the year	2,917,232.14	–
Net loss for the year	–	(43,054.95)
Write-offs from net profit for the year	–	–
Equity at the end of period	6,632,062.16	3,714,830.02

Equity at the end of period, after proposed distribution of profits (coverage of losses)

Cash Flow Statement

in PLN

Particular	As at December 31	
	2017	2016
Operating cash flows		
Net profit / (loss) for the year	2,917,232.14	(43,054.95)
Total adjustments	(7,527,485.48)	10,640,778.19
Depreciation	251,634.45	250,282.03
Foreign exchange gains (losses)	–	–
Interest and shares in profits (dividends)	–	–
Investment profit (loss)	(163.75)	(105.76)
Change in provisions' balance	–	–
Change in stocks' balance	–	–
Change in liabilities' balance	(3,051,112.68)	1,574,086.07
Change in short-term liabilities' balance, with the exception of loans	(1,729,748.44)	2,110,024.53
Change in prepayments and accruals' balance	(2,998,095.07)	6,706,491.32
Other adjustments	–	–
Net operating cash flows	(4,610,253.34)	10,597,723.24
Investment cash flows		
Cash inflows	5,783.76	15,850.35
Disposals of intangible and tangible fixed assets	5,783.76	15,850.35
Disposals of immovable property and intangible assets investments	–	–
From financial assets, including	–	–
assets in related entities	–	–
assets in other entities	–	–
- financial assets disposals	–	–
- dividends and shares in profits	–	–
- repayment of long-term loans granted	–	–
- interest	–	–
- other inflows from financial assets	–	–
Other investments inflows	–	–
Cash outflows	(217,107.69)	(236,491.71)
Purchases of intangible and tangible fixed assets	(217,107.69)	(236,491.71)
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	(211,323.93)	(220,641.36)
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	–	–

Particular	As at December 31	
	2017	2016
Net financial cash flows	–	(800,000.00)
Total net cash flows	(4,821,577.27)	9,577,081.88
Balance Sheet change in cash balance, including:	(4,821,577.27)	9,577,081.88
Change in cash balance due to foreign exchange differences		
Cash as at the beginning of period	11,512,405.95	1,935,324.07
Cash as at the end of period, including:	6,690,828.68	11,512,405.95
Cash with limited disposability	70,860.16	124,838.55

Notes to the Financial Statements

1. Tangible fixed assets

in PLN

Particulars	As at December 31	
	2017	2017
(a)Analysis of tangible fixed assets		
Fixed tangible assets including:	307,649.81	347,796.59
freehold land (including perpetual usufruct of land)	–	–
buildings and structures	–	–
plant and machinery	253,715.43	337,137.46
vehicles	–	–
other tangible fixed assets	53,934.38	10,659.13
Fixed assets under construction	–	–
Prepayments for fixed assets under construction	–	–
Total tangible fixed assets	307,649.81	347,796.59
(b)Tangible fixed assets by title		
The Company's own tangible fixed assets	307,649.81	347,796.59
Tangible fixed assets used under rent finance lease or similar agreements and included in the Company's assets	–	–
Total Balance Sheet tangible fixed assets	307,649.81	347,796.59
Other tangible fixed assets used under rent, operating lease or similar agreements excluded from Balance Sheet	99,848.00	250,972.00

(c)Tangible fixed assets - movements during the year

in PLN

Particulars	Plant and Machinery	Other Tangible Fixed Assets	Total
Cost at the beginning of the period	1,173,801.02	26,522.19	1,200,323.21
Additions - purchase	169,335.24	47,772.45	217,107.69
Disposals - sale	(5,783.76)	-	(5,783.76)
Cost at the end of the period	1,337,352.50	74,294.64	1,411,647.14
Accumulated depreciation at the beginning of the period	836,663.56	15,863.06	852,526.62
Additions - depreciation for the period	252,593.52	4,497.20	257,090.72
Disposals - sale	(5,620.01)		(5,620.01)
Accumulated depreciation at the end of the period	1,083,637.07	20,360.26	1,103,997.33
Net book value at the beginning of the period	337,137.46	10,659.13	347,796.59
Net book value at the end of the period	253,715.43	53,934.38	307,649.81

Change in property, plant and equipment 2016

in PLN

Particulars	Plant and Machinery	Other Tangible Fixed Assets	Total
Cost at the beginning of the 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 the period	1,173,801.02	26,522.19	1,200,323.21
Accumulated depreciation at the beginning of the 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 the period	836,663.56	15,863.06	852,526.62
Net book value at the beginning of the period	363,135.47	14,196.03	377,331.50
Net book value at the end of the 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 the re were no fixed assets write downs.

2. The amount of revaluation allowances for non-current assets separately for long-term non-financial assets and long-term financial assets made during the financial year.

Not applicable to 2017 and 2016 The Company has not incurred manufacturing costs of fixed assets under construction and fixed assets for entity's own during the year.

3. The amount of costs of completed development works and the amount of goodwill, as well as an explanation of the period of their depreciation specified in art. 33 sec. 3 and article 44b par. 10

Not applicable to 2017 and 2016

4. Owned securities or rights, including participation certificates, convertible debt securities, warrants and options, indicating the rights they grant.

Not applicable to 2017 and 2016

5. The expenditures on non-financial fixed assets incurred in the last year and planned for the next year

Not applicable to 2017 and 2016

6. Assets that are not financial instruments are measured at fair value

Not applicable to 2017 and 2016

7. Long-term prepayments

in PLN

Particulars	2017	2016
Deferred income tax assets	103,054.55	2,274,429.43
Total long term prepayments	103,054.55	2,274,429.43

8. Receivables and claims

in PLN

Particulars	2017	2016
Gross receivables as at the Balance Sheet date	10,342,071.09	7,243,368.26
Write downs balance at the beginning of period	6,855.27	–
Increase	47,590.15	6855.27
Utilisation	–	–
Release	–	–
Write downs balance at the end of period	54,445.42	6,855.27
Net receivables and claims	10,287,625.67	7,236,512.99

9. Short term prepayments

in PLN

Particulars	2017	2016
Non -invoiced sales	54150.39	262,692.96
Other	(324.90)	7,250.16
Total short-term prepayments	53,825.49	26,9943.12

10. Equity

in PLN

Particulars	Current year		Previous year	
	Number of shares	Nominal value	Number of shares	Nominal value
Shareholders				
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

11. Supplementary capital

in PLN

Particulars	2017	2016
Analysis of supplementary capital		
Repayable contributions from shareholders	–	–
Other	2,173,201.69	2,173,201.69
Total supplementary capital	2,173,201.69	2,173,201.69

12. Net profit (loss) for the year.

The Management Board proposes to transfer current year profit to cover last year loss.

13. Long-term liabilities

Not applicable to 2017 and 2016

14. Liabilities secured on the assets of the entity with an indication of the nature and form of these collateral

not applicable to 2017 and 2016

15. Contingent liabilities, including guarantees and sureties issued by the entity, also promissory notes not shown in the Balance Sheet

Not applicable to 2017 and 2016

16. Liabilities due to deliveries and services according to the period of overdue

in PLN

No	Age in days	Amount
1	current, of which:	504,101.79
a	to related parties	492,621.27
b	other individuals	11,480.52
2	overdue, of which:	
a	to related parties	
	until 90 days	
	90-180	
	180-360	
	over 360	
b	other individuals	
	until 90 days	
	90-180	
	180-360	
	over 360	
Total		504,101.79

Liabilities due to deliveries and services in the period of 2016.

in PLN

No	Age in days	Amount
1	current, of which:	793,258.05
a	to related parties	789,248.25
b	other individuals	4,009.80
2	overdue, of which:	
a	to related parties	
	until 90 days	
	90-180	
	180-360	
	over 360	
b	other individuals	
	until 90 days	
	90-180	
	180-360	
	over 360	
Total		793,258.05

17. Accruals and deferred income

in PLN

Particulars	2017	2016
Long-term accruals		
other	49,404.21	84,277.77
Total long-term accruals	49,404.21	84,277.77
Short-term accruals		
Services provided not invoiced	563,527.21	465,866.63
Provision for unused holidays	1,224,260.00	1,382,567.00

Particulars	2017	2016
Provision for annual bonus	1,389,716.72	1,442,792.31
Provision for wages	2,343,114.42	3,016,775.95
other	2,341,349.40	7,031,571.66
Reserve for expenses	932,015.89	805,124.11
Total short-term accruals	8,793,983.64	14,144,697.66

Long-term accruals relate to the part of the rebate for renting the premises for settlement in subsequent years, the short-term part of the rebate for renting the property is included in the item of other short-term accrued settlements

18. Sales revenue

in PLN

Particulars	2017	2016
Analysis of sales revenue		
Sales of finished products	–	–
Sales of services	62,121,805.41	59,682,556.05
Sales of goods for resale	–	–
Total sales revenue	62,121,805.41	59,682,556.05
Sales analysis by geographical area		
Domestic sales	1,259,948.06	2,229,218.86
Export sales	60,861,857.35	57,453,337.19
Total sales	62,121,805.41	59,682,556.05

19. Information on revenues, costs and results of discontinued operations in the financial year or to be discontinued in the following year

Not applicable to 2017 and 2016

20. Interest and exchange differences, which increased the purchase price of goods or the cost of manufacturing products in the financial year

Not applicable to 2017 and 2016

21 Income and costs of extraordinary value or occurring incidentally

Not applicable to 2017 and 2016

22. Corporate Income Tax

in PLN

Particulars	2017	2016
Income tax		
Current Taxation	590,814.00	2,277,981.00
Deferred Taxation	2,171,374.43	(1,724,618.69)
Provision for income tax resulting from customs and tax control for the years 2012-2014	134,017.00	–
Total	2,896,205.43	553,362.31
Current Taxation		
Profit / (loss) before tax	5,813,438.02	510,307.36
Differences between accounting profit/(loss) and taxable profits:	(2,703,889.65)	11,479,071.95
Costs and losses which are excluded from income-earning costs by taxation legislation, including:	2,551,104.51	12,577,619.92
exchange rate differences not realized	1,513,696.46	561,774.55
reserve for an annual bonus	1,389,716.72	1,442,792.31
reserve for unused holidays	1,224,260.00	312,146.00
payment to PFRON	218,391.00	169,738.00
costs of unpaid wages	138,548.68	904,987.00
costs of unpaid social security contributions	247,562.46	200,390.97
depreciation	2,061.45	(18,572.59)
other	(2,183,132.26)	9,004,363.68
Costs related to the previous year to be settled in the current tax year	5,254,994.16	1,098,547.97
paid salaries and social security	200,390.97	145,777.30
bonus paid out	–	952,770.67

Particulars	2017	2016
other used reserves	5,054,603.19	
Profit / (loss) after adjustment for permanent differences	3,109,548.37	11,989,379.31
Taxable income	3,109,548.37	11,989,379.31
Tax base	3,109,548.37	11,989,379.31
Corporate Income Tax	590,814.00	2,277,981.00

The provision for income tax concerns the reduction of the loss disclosed in the tax return for 2013 as a result of customs and tax control. The audit in 2013 has been completed. The tax loss was reduced by PLN 705,348.26, a provision was created for the amount of PLN 134,017.00 (19% of the loss adjustment value). The loss for 2013 was settled in equal amounts in 2014 and 2015. For the year 2013 and 2015, adjustments to the declaration were submitted and the overdue tax plus interest was paid. The Company's settlements for 2012 and 2014 are subject to ongoing controls. As at the date of preparation of the financial statements, the Company has no information on the results of ongoing controls.

in PLN

Particulars	2017	2016
Deferred Taxation		
reserve for unused holidays	232,609.40	262,687.73
reserve for an annual bonus	264,046.18	274,130.54
costs of unpaid social security contributions	73,361.12	210,021.81
fixed assets	4,020.74	3,264.74
other costs	(470,982.90)	1,524,324.61
Total deferred tax assets	103,054.54	2,274,429.43

The Company did not make any write downs for deferred tax assets.

23.Explanation of the structure to the Cash Flow Statement

in PLN

Particulars	2017	2016
Money at the bank	6,690,828.68	11,512,405.95
Bank deposits	–	–
Total	6,690,828.68	11,512,405.95

24.Average number of employees

in PLN

Particulars	2017	2016
Office service employees	10	10
Other employees	171	161
Total	181	171

25.The rates adopted for the Balance Sheet valuation at the end of the year

in PLN

Particulars	2017	2016
EUR	4.1709	4.4240
INR	5.4429/100INR	6.1551/100INR
CHF	3.5672	4.1173
USD	3.4813	4.1793
GBP	4.7001	5.1445

Contracts not included in the Balance Sheet not applicable to 2017 and 2016

27. Transactions concluded by the entity on terms other than market terms with related parties

Not applicable to 2017 and 2016

28.Remuneration paid or due to persons who are members of the management, supervisory or administrative bodies of commercial companies for the financial year

Not applicable to 2017 and 2016

29.Advances, loans, and similar benefits granted to persons who are members of the management, supervisory and administration bodies of the units

Not applicable to 2017 and 2016

30. Joint ventures

Not applicable to 2017 and 2016

31. Transactions with members of the Management Board

Not applicable to 2017 and 2016

32. Transactions with related parties

The company operates within the Infosys Consulting Holding group. The consolidated financial statements of the group are prepared by Infosys Consulting Holding AG with its registered office in Switzerland,

Transactions with related companies were as follows:

in PLN

Particulars	2017	2016
Infosys Consulting AG Szwajcaria		
Receivables	640,471.29	800,335.84
Liabilities	86,088.18	168,393.42
Revenues	7,339,836.49	16,407,652.40
Costs	813,278.06	1,247,758.02
Infosys Consulting CO Ltd. Wielka Brytania		
Receivables	1,193,255.00	228,242.02
Liabilities	224,478.47	446,258.81
Revenues	513,919.51	3,864,762.19
Costs	3,204,060.25	6,597,635.04
Lodestone Management Consultants Inc.Stany Zjednoczone		
Receivables	–	145,660.29
Revenues	469,490.97	2,310,775.06
Lodestone Management Consultants Belgia		
Receivables	–	–
Revenues	–	18,205.33
Costs	–	216,067.71
Infosys Consulting s.r.o. Czechy		
Liabilities	–	25,804.16
Revenues	–	10,839.68
Costs	69,495.59	109,362.90
Infosys Consulting SRL, Rumunia		
Revenues	–	22,431.31
Infosys Consulting SAS, Francja		
Revenues	–	9,674.73
Costs	6,956.08	–
Infosys Consulting GmbH Niemcy		
Receivables	1,385,019.30	1,587,863.18
Liabilities	138,456.65	137,854.80
Revenues	17,350,130.04	17,909,105.56
Costs	1,328,912.55	581,711.11
Infosys Australia PTY. Ltd, Australia		
Revenues	–	55,486.37
Costs	11,448.75	–
Lodestone Management Consultants Austria		
Revenues	–	72.36
Infy Consulting BV Holandia		
Liabilities	–	(44,339.85)
Revenues	–	39,213.89
Costs	161,948.59	–
Lodestone Management Portugalia		
Receivables	–	3,288.02
Liabilities	–	43,734.50
Revenues	–	56,218.03
Costs	347,008.75	–

Particulars	2017	2016
Infosys Limited Indie		
Liabilities	43,613.63	12,040.01
Costs	45,627.37	–
Infosys Technologies (Sweden)		
Receivables	25,504.91	–

33. Auditor's fees paid or accrued for the year:

in PLN

Particulars	2017	2016
obligatory audit of financial statement	35,000.00	35,000.00

34. Post Balance Sheet events

Until the day of preparing the financial statements for the financial year, it is until February 9, 2018. there were no events after the Balance Sheet date, which have not been and should have been included in the accounting books of the financial year.

35. Significant prior years' events reflected in the financial statements

Until the day of preparing the financial statements for the financial year, it is until February 9, 2018. there were no events concerning previous years which have not been and should have been included in the accounting books of the financial year.

36. Other information

All other disclosure requirements contained in Schedule 1 of the Accounting Act of 29 September 1994 are not applicable.

Financial Statement of Board for the period 1.01.2017 -31.12.2017

1. General Information

Infosys Consulting Sp. z o. o. operates with its registered office in Wrocław, ul. Strzegomska 142 A.

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: 1,000,000 PLN

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 2017.

The Company did not obtain its own shares.

The Company does not own Subsidiaries. The Company runs an office in Warsaw and plans to open an office in Krakow at the beginning of 2018.

2 Events affecting the Company's activity which occurred during and after the financial year

In 2017, the Company continued the activity of providing services to other Infosys groups as a SAP Service Center (so-called SAP Nearshore Delivery Center).

The services were provided under contract with Infosys 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 key customers. Moreover, the Company provided services directly to foreign and Polish customers.

In 2017 there were structural changes conducted in the Company in order to broaden the service portfolio. In particular, the Company hired employees with broad knowledge of diverse IT technologies. Also, a new section of Artificial Intelligence was created. Moreover, the nature of agreements changed from a project type into an IT support type.

Despite the aforementioned structural changes, the Compnay recorded the revenue of 62,121,805.41 PLN (in comparision to 59,682,556.05 PLN in the previous year), which gives 4% of an increase.

The staff headcount at the beginning of 2017 was 171 employees and increased to 181 employees as of 31st December 2017.

During 2017, there was a tax audit conducted in terms of transfer prices for the period of 2013, and later 2012 and 2014. The tax audit for 2013 has been closed. The tax loss was decreased by the amount of 705,348.26 PLN, the accrual of 134,017.00 PLN was made (19% of the loss correction value). The loss for 2013 was settled in equal amounts in 2014 and 2015. For 2013 and 2015 the tax declaration was corrected and the outstanding tax including interests was paid. The Company's tranactions for 2012 and 2014 are the subject of ongoing audits. At the moment of this financial statement creation, the Company does not have any information about the audit outcome.

3 Anticipated development of the company

Infosys Group is characterised 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 working in a Nearshore model are being created in Eastern Europe region for the developed Western Europe markets. In 2017 there were structural changes conducted in the Company in order to broaden the service portfolio in future.

According to the Board, a further Company development is expected in the coming years. An estimated employment at the end of 2018 is more than 250 employees. It is planned to extend the services portfolio to IT services related to modern technologies. In order to perform such services, the Company plans to open an office in Krakow in which it is planned to hire additional 30 employees in 2018. Moreover, the Company plans to continue staffing the offices in Wroclaw and Warsaw.

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 62,121,805.41 PLN (towards 59,682,556.05 PLN in 2016). In the majority it was a consulting and programming services sale related to the projects implementation and support.

An item structure of sales revenue in the financial year 2017 and a comparison with the year 2016, together with a comparison of the territorial structure of distribution revenue in the financial year 2017 and the previous one

(in PLN):

Sales revenue	2017	2016
An item structure of distribution		
Finished products	-	-
Services sales	62,12,805.41	59,682,556.05
Goods sales	-	-
Total	62,121,805.41	59,682,556.05

Sales revenue	2017	2016
A territorial structure of distribution		
Domestic sales	1,259,948.06	2,229,218.86
Export sales	60,861,857.35	54,453,337.19
Total	62,121,805.41	59,682,556.05

The company achieved revenue growth of 4% with relation to 2016. The decrease of domestic sales has been compensated with increased export revenues.

The Company financial results, in the analised period, ended with a gross profit of 5,813,438.02 PLN in comparision to a gross profit of 510,307.36 PLN in the previous year.

The total Balance Sheet was 17,442,984.20 PLN (in comparision to 21,641,088.08 PLN in 2016)

in PLN.

Content / Period	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Profit and Loss Account (PLN)					
Sales revenue	62,121,805	59,682,556	47,540,128	39,598,707	31,106,593
Operating costs	54,856,835	58,620,966	44,479,175	35,775,719	32,189,590
Economic activity result	5,813,438	510,307	3,050,378	3,745,820	(1,142,461)
Profit / Loss (net)	2,917,232	(43,055)	2,173,202	3,074,602	(1,028,837)
Balance (PLN)					
Stocks	–	–	–	–	–
Supply receivables	9,311,542	6,595,291	7,492,408	5,574,218	4,211,911
Current assets	17,032,280	19,018,862	11,282,734	6,731,994	6,938,962
Total assets	17,442,984	21,641,088	12,209,876	7,929,070	7,761,465
Equity	6,632,062	3,714,830	4,557,885	2,384,683	(689,919)
Short term liabilities	10,761,518	17,841,980	7,651,991	5,544,387	8,451,384
Supply liabilities	504,102	793,258	1,481,825	859,714	4,833,797
Total liabilities	10,810,922	17,926,258	7,651,991	5,544,387	8,451,384
Number of days of the financial period	365	365	365	365	365
Indicators					
Gross sales profitability	9%	1%	6%	9%	(4%)
Net sales profitability	5%	0%	5%	8%	(3%)
Equity profitability	79%	(1%)	91%	(446%)	(304%)
Assets rotation indicator	3,56	2,76	3,89	4.99	4.01
Receivables rotation in days	47	43	50	45	38
Liabilities rotation in days	4	7	10	29	36
Debt rate	62%	83%	63%	70%	109%
Equity to fixed assets rate	38%	17%	37%	30%	(9%)
Net working capital	6,270,762.01	1,176,881.77	3,630,742.73	1,187,607.38	(1,512,421.45)
Liquidity ration	1.58	1.07	1.47	1.21	0.82
Increased liquidity ratio	1.58	1.07	1.47	1.21	0.82

The analysis of the above figures as well as indicators show an overall good financial situation (taking the operating model of the Company and its growth in 2016 into consideration) and does not show significant threats. The indicators improved in comparision to the previous year.

5 Financial and risk instruments

All significant transactions are concluded within the Infosys Infosys Group. The transaction settlement are made in PLN, which minimises the exchange rate risk. The Company determines their service prices based on the pricing transfer system in the Infosys Group (cost plus method), which reduces the risk of price changes and cash flow disorders. In monthly cycles, after costs are agreed, correction to revenue is made (based on transfer prices) based on a cost plus method.

The multiple-year contract with the insurance industry Client was concluded in USD, whereas the costs of contract realization are mainly 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 constantly 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, 9th February 2018

Robert Boreczek	Peter Fischer
Chairman of the Board	*Vice Chairman*

PANAYA INC.

Independent Auditors' Report

To the Members of Panaya Inc.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Panaya Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 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 'Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru
January 9, 2018

Balance Sheet

US$

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	259,655	265,343
Investments	2.2	39,169,740	39,169,740
Income tax assets	2.11	2,257	1,690
Total non-current Assets		39,431,652	39,436,773
Current assets			
Financial assets			
Trade receivables	2.3	33,464,430	19,568,186
Cash and cash equivalents	2.4	1,050,275	562,848
Other financial assets	2.5	12,608,157	12,000,912
Other current assets	2.6	9,652	70,655
Total current assets		47,132,514	32,202,601
Total assets		86,564,166	71,639,374
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	–	–
Other equity		62,938,980	56,668,147
Total equity		62,938,980	56,668,147
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.8	16,268,442	11,597,635
Other financial liabilities	2.9	923,970	739,019
Other current liabilities	2.10	6,194,969	2,626,473
Income tax liabilities	2.11	237,805	8,100
Total current liabilities		23,625,186	14,971,227
Total equity and liabilities		86,564,166	71,639,374

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Inc.

Deepak Padaki
Director

Statement of Profit and Loss

in US$, except share and per share data

Particulars	Note no.	Years ended December 31	
		2017	2016
Revenue from operations	2.12	16,157,088	14,848,799
Total income		16,157,088	14,848,799
Expenses			
Employee benefit expenses	2.13	8,829,348	7,531,713
Cost of technical sub-contractors	2.13	4,746,198	5,014,212
Travel expenses	2.13	837,846	846,651
Communication expenses	2.13	87,602	68,878
Consultancy and professional charges		573,123	426,538
Depreciation	2.1	106,738	58,194
Other expenses	2.13	432,472	427,828
Total expenses		15,613,327	14,374,014
Profit before tax		543,761	474,785
Tax expense			
Current tax	2.11	272,928	(169,532)
Profit for the year		270,833	644,317
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		270,833	644,317
Earnings per share			
Equity shares of par value $0.01 each			
Basic and diluted		135,416	322,159
Number of shares used in computing earning per share			
Basic and diluted		2	2

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Inc.

Deepak Padaki
Director

Statement of Cash Flows

in US$

Particulars	Years ended December 31,	
	2017	2016
Cash flow from operating activities		
Profit for the year	270,833	644,317
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	106,738	58,194
Income tax expense	272,928	(169,532)
Other adjustments	–	(6,082)
Changes in assets and liabilities		
Trade receivables	(13,896,244)	(8,256,097)
Other assets	(546,242)	5,305,159
Trade payables	4,670,807	4,989,644
Other financial liabilities, other liabilities and provisions	3,753,447	(1,998,672)
Cash generated from operations	(5,367,733)	566,931
Income taxes paid	(43,790)	(1,690)
Net cash generated by operating activities	(5,411,523)	565,241
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(101,050)	(209,440)
Net cash used in investing activities	(101,050)	(209,440)
Cash flow from financing activities		
Additional capital towards securities premium	6,000,000	–
Net cash used in financing activities	6,000,000	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		
Net decrease in cash and cash equivalents	487,427	355,801
Cash and cash equivalents at the beginning of the year	562,848	207,047
Cash and cash equivalents at the end of the year	1,050,275	562,848

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Inc.

Deepak Padaki
Director

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, 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 year	–	–	644,317	644,317
Balance as of December 31, 2016	–	53,509,414	3,158,734	56,668,147
Balance as of January 1, 2017	–	53,509,414	3,158,734	56,668,147
Changes in equity for the year ended December 31, 2017				
Changes during the year	–	6,000,000	–	6,000,000
Profit for the year	–	–	270,833	270,833
Balance as of December 31, 2017	–	59,509,414	3,429,567	62,938,980

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Inc.

Deepak Padaki
Director

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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent assets and 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	Over lease term
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) Based, 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 are 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, 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.

(v) 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

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 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 primarily comprises 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.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment :

in US$

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	80,260	17,040	236,105	55,682	389,087
Additions	40,690	10,620	7,575	42,165	101,050
Deletions	–	–	–	–	–
Gross carrying value as of December 31, 2017	120,950	27,660	243,680	97,847	490,137
Accumulated depreciation as of January 1, 2017	(18,933)	(5,876)	(92,548)	(6,387)	(123,744)
Depreciation	(20,320)	(4,965)	(62,849)	(18,604)	(106,738)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2017	(39,253)	(10,841)	(155,397)	(24,991)	(230,482)
Carrying value as of December 31, 2017	81,697	16,819	88,283	72,857	259,655
Carrying value as of January 1, 2017	61,327	11,164	143,557	49,295	265,343

Following are the changes in the carrying value of property, plant and equipment :

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	(11,441)	(2,196)	(41,023)	(3,534)	(58,194)
Accumulated depreciation on deletions	–	–	–	–	–
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

2.2 Investments

in US$

Particulars	As at December 31, 2017	2016
Non-current investments		
Equity instruments of subsidiaries	39,169,740	39,169,740
Total carrying value	39,169,740	39,169,740

in US$

Particulars	As at December 31, 2017	2016
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, 2017	2016
Current		
Unsecured		
Considered good(1)	33,464,430	19,568,186
Considered doubtful	–	–
	33,464,430	19,568,186
Less : Allowances for credit losses	–	–
	33,464,430	19,568,186
(1)Includes dues from related parties (Refer to Note 2.16)	29,895,683	18,470,888

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31, 2017	2016
Balances with banks		
In current and deposit accounts	1,049,795	561,299
Cash on hand	480	1,549
	1,050,275	562,848

2.5 Other financial assets

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Rental deposits [1]	21,573	37,215
Others [1][2]	12,586,584	11,963,697
Total	12,608,157	12,000,912
[1] Financial assets carried at amortized cost	12,608,157	12,000,912
[2] Includes dues from related parties ((Refer to Note 2.16)	12,586,584	11,963,697

2.6 Other assets

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Prepaid expenses	8,077	70,655
Withholding taxes and others	1,575	–
Total other assets	9,652	70,655

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2017	2016
Authorized		
Equity share capital (2 Equity shares of par value US$ 0.01 each)	–	–
Issued, subscribed and paid-up		
Equity share capital (2 Equity shares of par value US$ 0.01 each)	–	–
	–	–

The details of shareholder holding more than 5% shares are as follows:

in US$

Name of the shareholder	As at December 31	
	2017	2016
Infosys Limited	100%	100%

2.8 Trade payables

in US$

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	16,268,442	11,597,635
	16,268,442	11,597,635
[1] Includes dues to related parties (Refer to note 2.16)	16,257,048	11,511,068

2.9 Other financial liabilities

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees [1]	799,769	555,000
Accrued expenses [1]	73,484	19,816
Compensated absences	48,493	144,171
Other payables [1]	2,224	20,032
	923,970	739,019
Total financial liabilities	923,970	739,019
[1] Financial liability carried at amortized cost	875,477	594,848

2.10 Other liabilities

in US$

Particulars	As at December 31,	
	2017	2016
Current		
Unearned revenue	6,194,969	2,599,453
Others		
Withholding taxes and others	–	27,020
	6,194,969	2,626,473

2.11 Income taxes

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

in US$

Particulars	Years ended December 31,	
	2017	2016
Current taxes	272,928	(169,532)
Income tax expense	272,928	(169,532)

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	Years ended December 31,	
	2017	2016
Profit before income taxes	543,761	474,785
Enacted tax rates in USA	40.00%	40.00%
Computed expected tax expense	217,504	189,914
Effect of unrecognized deferred tax assets	(110,186)	(180,195)
Tax provision / reversals	14,024	(177,631)
Effect of non-deductible expenses	151,586	(1,620)
Income tax expense	272,928	(169,532)

The applicable statutory tax rate for year ended December 31, 2017 and year ended December 31, 2016 is 40%.

The following table provides the details of income tax assets and income tax liabilities:

in US$

Particulars	As at December 31	
	2017	2016
Income tax assets	2,257	1,690
Current income tax liabilities	(237,805)	(8,100)
Net current income tax assets / (liability) at the end	(235,548)	(6,410)

The gross movement in the current income tax asset / (liability) is as follows:

in US$

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(6,410)	(177,632)
Income tax paid	43,790	1,690
Current income tax expense	(272,928)	169,532
Net current income tax asset / (liability) at the end	(235,548)	(6,410)

2.12 Revenue from operations

in US$

Particulars	Years ended December 31,	
	2017	2016
Income from software services	16,157,088	14,848,799
	16,157,088	14,848,799

2.13 Expenses

in US$

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	8,648,652	7,517,053
Staff welfare	180,696	14,660
	8,829,348	7,531,713
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	4,746,198	5,014,212
	4,746,198	5,014,212
Travel expenses		
Overseas travel expenses	372,150	501,557
Overseas Boarding and Lodging	405,432	300,598
Perdiem	60,264	44,496
	837,846	846,651
Communication expenses		
Telephone charges	87,602	68,878
	87,602	68,878

in US$

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Office maintenance	87,635	100,851
Printing and Stationery	8,191	3,844
Marketing expenses	86,779	75,116
Rent	186,269	76,951
Rates and taxes, excluding taxes on income	515	9,519
Postage and courier	11,486	1,796
Insurance charges	3,101	2,980
Allowances for credit losses	–	48,125
Consumables	34,623	59,875
Bank charges	10,233	3,209
Commission charges	–	43,889
Exchange gains / (losses) on translation of other assets and liabilities	–	212
Miscellaneous expenses	3,640	1,461
	432,472	427,828

2.14 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in US$

Particulars	Year ended December 31,	
	2017	2016
Lease rentals recognized during the period	186,269	76,951

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,	
	2017	2016
Not later than 1 year	238,641	122,790
Later than 1 year and not later than 5 years	603,444	143,840
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 five years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.15 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in US$

Particulars	As of December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	1,050,275	562,848
Trade receivables (Refer to Note 2.4)	33,464,430	19,568,186
Other financial assets (Refer Note 2.5)	12,608,157	12,000,912
Total	47,122,862	32,131,946

Particulars	As of December 31	
	2017	2016
Liabilities		
Trade payables (Refer to Note 2.8)	16,268,442	11,597,635
Other financial liabilities (Refer to Note 2.9)	875,477	594,848
Total	17,143,919	12,192,483

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$ 33,464,430 and US$ 19,568,186 as of December 31, 2017 and December 31, 2016, respectively. Trade receivables 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 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	Years ended December 31,	
	2017	2016
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 credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings as of December 31, 2017 and December 31, 2016.

As of December 31, 2017, the Company had a working capital of US$ 23,507,328 including cash and cash equivalents of US$ 1,050,275. As of December 31, 2016, the Company had a working capital of US$ 17,231,375 including cash and cash equivalents of US$ 562,848.

2.16 Related party transactions

List of holding companies

Name of holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [(1)]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [(1)]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [(1)]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [(1)]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [(1)]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [(1)]	US
EdgeVerve Systems Limited (EdgeVerve) [(1)]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(1)]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [(1)]	India
Kallidus Inc. (Kallidus) [(1)]	US
Infosys Chile SpA [(2)]	Chile
Infosys Americas Inc., (Infosys Americas) [(1)]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(1)] [(19)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [(1)]	US
Infosys Canada Public Services Ltd.[(3)(4)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [(18)]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(5)]	Czech Republic

Name of subsidiary	Country
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland
Infosys McCamish Systems LLC (5)	US
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) (1)	Switzerland
Lodestone Management Consultants Inc. (6)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (6)	Czech Republic
Lodestone Management Consultants GmbH (6)	Austria
Lodestone Management Consultants Co., Ltd. (6)	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) (6)	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada
Brilliant Basics Holdings Limited.(16)	UK
Brilliant Basics Limited (17)	UK
Brilliant Basics (MENA) DMCC (17)	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

Name of Associate	Country
DWA Nova LLC[1]	US.

[1]Associate of Infosys Nova Holdings LLC.Subsequently, DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in US$

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Panaya Ltd	29,895,683	18,470,888
	29,895,683	18,470,888
Other Receivables		
Panaya Ltd	12,586,584	11,963,697
	12,586,584	11,963,697
Trade payables		
Panaya Ltd.	16,257,048	11,511,068
Infosys Ltd	–	218
	16,257,048	11,511,286

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

in US$

Particulars	Years ended December 31	
	2017	2016
Revenue transactions:		
Purchase of services		
Panaya Ltd.	4,746,198	5,014,212
	4,746,198	5,014,212
Sale of services		
Panaya Ltd.	11,424,796	9,834,587
	11,424,796	9,834,587

2.17 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.

INFOSYS TECHNOLOGIES (SWEDEN) AB

Auditors’ Report

To the general meeting of the shareholders of Infosys Technologies (Sweden) AB
corporate identity number 556779-1040

Report on the annual accounts

Opinions

We have audited the annual accounts of Infosys Technologies (Sweden) AB for the financial year 2017-01-01 - 2017-12-31.

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 2017 and its financial performance and cash flow 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.

Other matter

The audit of the annual accounts for 2016-01-01 – 2016-12-31 was performed by another auditor who submitted an auditor´s report dated 8 May 2017, with unmodified opinions in the Report on the annual accounts.

Responsibilities of the Board of Directors

The Board of Directors are 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 are 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 are 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 however not applied if the Board of Directors intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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 financial year 2017-01-01 - 2017-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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.

Stockholm den April 11, 2018

Deloitte AB

Signature on Swedish original

Andreas Frountzos

Authorized accountant

Board of Directors report

To the Board of Infosys Technologies (Sweden) AB

corporate ID no 556779-1040

Presents Annual report for the fiscal year January 1, 2017 - December 31, 2017

Undersigned member of the board in Infosys Technologies (Sweden) AB hereby confirm that this is a true copy of the original document, and that the Profit and Loss, and the Balance Sheet approved at the annual general meeting The board's proposal on profit allocation was approved at the annual general meeting.

Stockholm 2018-04-11

Mohit Joshi

The annual accounts are prepared in SEK

General information about the business

The primary function of the Company is to provide technology solutions which can improve client business results. The Company provides solutions that extend across entire software lifecycle regarding technical advice, design, development, change, maintenance, system integration, package evaluation and implementation, testing and management infrastructure

Ownership conditions

Infosys Limited Electronic City, (L85110KA1981PLC013115), Hosur Road Bengaluru 560 100, India, is

the parent Company that prepares the consolidated accounts of the largest Group that Infosys Technologies (Sweden) is

part of as a subsidiary.

Significant events during and after the financial year

This current year is the first year the Company utilize Swedish Account Standards Board BFNAR 2012:1 (K3).

The transition to K3 have not affected comparison figures.

During fiscal year 2017, the Company recieved 24 000 000 SEK in shareholders' contributions

On February 11, 2017, the branch Infosys Technologies Sweden (AB) Norway Branch, was liquidated

Multi-year comparison (Tkr)	2017	2016	2015	2014	2013
Net turnover	130,363	145,818	108,437	45,953	3,298
Profit/(loss) after financial items	4,138	(13,543)	(56,351)	806	(69)
Total assets	55,250	72,594	108,992	8,427	1,730
Equity-asset ratio (%)	58.32%	5.63%	9.51%	20.50%	–
Average number of employees	72	102	114	44	5

Appropriation of profit/(loss)

in SEK

At the disposal of the general meeting:	
Profit/(loss) brought forward	3,984,280
Shareholders' contributions	24,000,000
Profit/(loss) for the year	4,137,833
	32,122,113
The board of directors proposes the following:	
to be carried forward	32,122,113
	32,122,113

For information about the Company's earnings and financial position in other respects, please refer to the income statements, Balance Sheets and accompanying notes set out below:

Income Statement

in SEK

Particulars	Note no.	January 1 - December 31, 2017	January 1 - December 31, 2016
Net turnover	2	130,363,206	145,817,551
Total operating income		130,363,206	145,817,551
Operating expenses			
Other external expenses	3,4	(47,435,576)	(72,068,619)
Personnel costs	5	(77,446,580)	(85,404,178)
Total operating expenses		(124,882,156)	(157,472,797)
Operating profit/(loss)		5,481,050	(11,655,246)
Financial items			
Other interest income and similar profit/(loss) items	6	–	5,920
Interest expense and similar profit/(loss) items	7	(1,343,217)	(1,893,709)
Profit/(loss) after financial items		4,137,833	(13,543,035)
Profit/(loss) before tax			
Tax on profit for the year	8	–	–
Net profit/(loss) for the year		4,137,833	(13,543,035)

Balance Sheet

in SEK

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Current assets			
Current receivables			
Trade receivables		4,313,251	18,084,503
Receivables from group companies		11,838,972	14,858,137
Other receivables		3,497,142	1,504,912
Prepaid expenses and accrued income	9	617,991	11,827,098
		20,267,356	46,274,650
Cash and bank		34,982,600	26,319,142
Total current assets		55,249,956	72,593,792
TOTAL ASSETS		55,249,956	72,593,792

Balance Sheet

in SEK

Particulars	Note no.	December 31, 2017	December 31, 2016
EQUITY AND LIABILITIES			
Equity	10		
Restricted equity			
Share capital		100,000	100,000
Total restricted equity		100,000	100,000
Non-restricted equity			
Profit/(loss) brought forward		3,984,280	17,527,315
Shareholder's contributions		24,000,000	–
Profit/(loss) for the year		4,137,833	(13,543,035)
Total non-restricted equity		32,122,113	3,984,280
Total equity		32,222,113	4,084,280
Current liabilities			
Liabilities to group companies		2,772,656	31,988,227
Other liabilities		5,455,642	5,220,953
Accrued expenses and deferred income	11	14,799,545	31,300,332
Total current liabilities		23,027,843	68,509,512
TOTAL EQUITY AND LIABILITIES		55,249,956	72,593,792

Change in Equity

in SEK

Particulars	Share capital	Non-restircted equity	Profit/(loss) for the year	Total Equity
Opening amount January 1, 2017	100,000	17,527,315	(13,543,035)	4,084,280
Appropriation of profits, last year	–	(13,543,035)	13,543,035	–
Shareholders' contributions	–	24,000,000	–	24,000,000
Profit/(loss) for the year	–	–	4,137,833	4,137,833
Closing amount December 31, 2017	100,000	27,984,280	4,137,833	32,222,113

Cash flow analysis

in SEK

Particulars	Note no.	January 1 - December 31, 2017	2016
Operating activities			
Profit/(loss) after financial items		4,137,833	(13,543,035)
Adjustments for non-cash items, etc		(107,627)	1,713,368
		4,030,206	(11,829,667)
Taxes, paid		(1,994,910)	4,062,065
Cash flow from operating activities before changes in working capital		2,035,296	(7,767,602)
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in accounts receivables		28,002,204	56,567,911
Increase(+)/Decrease(-) in current liabilities		(21,359,366)	(26,983,180)
Cash flow from operating activities		8,678,134	21,817,129
Investing activities			
Repayment of financial receivables		(14,675)	5,920
Cash flow from investing activities		(14,675)	5,920
Financing activities			
Cash flow from financing activites		–	–
Change in cash and cash equivalents		8,663,458	21,823,049
Cash and cash equivalents at beginning of year		26,319,142	4,496,093
Cash and cash equivalents at year-end	13	34,982,600	26,319,142

Notes to the financial statement

Note 1. Notes with accounting concept

The annual report has been prepared in accordance with the Annual Accounts Act and general advice from the

Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

This current year is the first year the company utilize Swedish Account Standards Board BFNAR 2012:1 (K3).

Previously the Annual Accounts Act (1995:1554) and Swedish Account Standards Board BFNAR 2016:10

Annual accounts and consolidated accounts was applied. The transition to K3 have not affected comparison figures.

Accounting currency

The annual report is prepared in SEK and are stated in SEK if nothing else is specified.

Revenue recognition

Sales revenue are recorded when the significant risks and benefits are associated with ownership transferred to the purchaser,

and when revenue amount can be accounted for in a reliable manner.

Foreign currency

Monetary assets and liabilities in foreign currency are valued at currency of closing day.

Transactions in foreign currency are converted according to the transaction days current rate

Leasing agreements

Leasing agreements are classified as financial or operational leasing. Financial leasing exists when the financial risks and benefits associated with the ownership are transferred to the lessee. In all other cases operational leasing exists.

Leasing fees at operational leasing agreements are expensed linear over the leasing period, unless another systematical procedure is reflecting the lesses financial benefit over time.

Compensation to employees

Compensation to employees in form of salary, bonus, paid vacation, paid sickleave and others are accounted for in line with the vesting.

Income taxes

Current tax is calculated on the taxable result for the period. Taxable result is divided from the accountable result in the income statement since it is adjusted for non-taxable revenue, non-taxable costs and the revenue and costs that is taxable or deductible in other periods. Current tax debt is calculated by the tax rates on the closing day.

Current tax is reported as a cost or revenue in the income statement, except when the tax regards transactions against equity. In such cases tax is reported against equity.

Other receivables

Receivables are reported as current assets, except items with expiry date more than 12 months after Balance Sheet date, which are classified as fixed assets. Receivables are reported to the amount that are expected to be received after deductions for individually assessed bad debts.

Balance Sheet total

The sum of assets or the sum of debts and equity in the Balance Sheet.

Solidity

Part of assets that is financed with equity.

Shareholder contributions

Shareholder contributions is reported as an increase of the share of the carrying amount. Shareholders contribution received by an owner is reported against equity.

Cash flow analysis

Cash flow analysis expose change of the business liquid funds during the fiscal year. The cash flow analysis have been prepared according to the indirect method. The reported cash flow comprises only transactions that brought in- and outgoing payments.

Note 2. Intra-group purchases and sales

Particulars	January 1 - December 31,	
	2017	2016
Percentage of sales relating to group companies	60.4%	68.5%
Percentage of purchases relating to group companies	20.4%	28.1%

in SEK

Operating income per region	January 1 - December 31,	
	2017	2016
Sweden	78,800,464	54,187,986
India	–	46,292,879
Denmark	13,122,173	4,907,687
Norway	38,440,569	40,428,999
	130,363,206	145,817,551

Note 3. Auditors' remuneration

in SEK

Auditors' remuneration	January 1 - December 31,	
	2017	-2016
Fees and expenses		
Deloitte AB		
Audit assignment	156,798	–
	156,798	–
KPMG AB		
Audit assignment	–	170,375
	–	170,375

Note 4. Leasing

in SEK

Particulars	January 1 - December 31,	
	2017	2016
Operational leasing agreement - Lessee		
The years total expensed leasing charges for operating expenses amount to 5 203 973 (6 869 361) SEK		
Future minimum lease payments for non-cancellable leases, falling due for payment as follows:		
Maturity dates		
Within one year	2,599,576	5,717,187
Between two and five years	156,100	3,304,300
After five years	–	–
	2,755,676	9,021,487

Note 5. Personnel

in SEK

Particulars	January 1 - December 31, 2017	2016
Average number of employees		
Average number of employees, men	55	71
Average number of employees, women	17	31
Total	72	102
Gender distribution of board and management		
Women :		
board members	–	–
other persons in company management including CEO	–	–
Men		
board members	3	3
Other persons in company management including CEO	–	–
Total	3	3
Wages/Salaries and remunerations		
Wages/Salaries and remunerations amounts to		
Wages, salaries and remunerations, pensions cost included	61,162,570	67,281,629
Social security costs	16,284,010	18,122,549
	77,446,580	85,404,178

Note 6. Interest income and similar profit/(loss) items

in SEK

Particulars	January 1 - December 31, 2017	2016
Interest income	–	5,920
	–	5,920

Note 7. Interest expense and similar profit/(loss) items

in SEK

Particulars	January 1 - December 31, 2017	2016
Interest expense, group companies	(136,976)	(1,719,288)
Exchange rate differences	(1,206,241)	(174,421)
	(1,343,217)	(1,893,709)

Note 8. Tax on profit for the year

in SEK

Particulars	January 1, 2017 -	December 31, 2017	January 1, 2016 -	December 31, 2016
Current tax expense (-)/tax income (+)				
Tax expense for the period		–		–
Adjustments, tax previous years		–		–
		–		–
Reconcilliation current tax	Percent	Amount	Percent	Amount
Profit/(loss) before tax		4,137,833		(13,543,035)
Tax according to tax rate	(22.0%)	(910,323)	22.0%	2,979,468
Non-deductible costs	(0.1%)	(3,213)	(0.6%)	(81,853)
Non-deductible income	0.0%	–	0.0%	–
Taxes, previous year	0.0%	–	0.0%	–
Effect of changed tax rates /and taxation rules	0.0%	–	0.0%	–
Loss carry forwards, excluding deferred tax	22.1%	913,536	21.4%	(2,897,615)
Declared effective tax	0.0%	–	0.0%	–

Note 9. Prepaid expenses and accrued income

in SEK

	December 31, 2017	December 31, 2016
Prepaid insurance	15,730	15,813
Prepaid rent	413,695	539,152
Other prepaid expenses	–	31,143
Accrued income	188,566	11,240,990
	617,991	11,827,098

Note 10. Equity

Number of shares is 1 000 and quotient value is 100 SEK per share

Note 11. Accrued expenses and deferred income

in SEK

Particulars	December 31, 2017	December 31, 2016
Accrued salary	5,220,902	4,332,286
Accrued vacation pay	2,913,048	3,102,730
Other accrued expenses	6,665,595	9,836,767
Deferred income	–	14,028,549
	14,799,545	31,300,332

Note 12. Cash in cash flow

in SEK

Particulars	January 1 - December 31,	
	2017	2016
Adjustment for conversion of loan and accrued interest for shareholders' contributions	(122,302)	1,719,288
Interest- and dividend income	14,675	(5,920)
	(107,627)	1,713,368

Note 13. Cash in cash flow

in SEK

Particulars	January 1 - December 31,	
	2017	2016
Cash balance	–	–
Bank balance	34,982,600	26,319,142
	34,982,600	26,319,142

Note 14. Pledged assets

Particulars	December 31, 2017	December 31, 2016
Pledged assets	None	None

Other disclosure

Note 15. Contingent liabilities

Particulars	December 31, 2017	December 31, 2016
Contingent liabilities	None	None

Note 16. Significant events after the financial year

No significant events have occured.

Note 17. Group information

Infosys Limited Electronic City (L85110KA1981PLC013115), Hosur Road Bengaluru 560 100, India, is the parent company that prepares the consolidated accounts of the largest Group that Infosys Technologies (Sweden) is part of as a subsidiary.

Note 18 Appropriation of profit/(loss)

Proposed treatment of the company's profit

in SEK

At the disposal of the general meeting :	
Profit brought forward	3,984,280
Shareholders' contributions received	24,000,000
Profit/(loss) for the year	4,137,833
	32,122,113
The board of directors proposes the following to be carried forward	32,122,113
	32,122,113

Stockholm 2018-04-11

Mohit Joshi
Chariman of the Board

Eric Stephen Paternoster
Member of the Board

Auditors' report was submitted on 2018-04-11
Deloitte AB

Andreas Frountzos
Leading Auditor

PORTLAND GROUP PTY. LIMITED

ABN: 48 086 842 597

Independent Auditors' Report to the Board of Directors

Opinion

We have audited the financial report of Portland Group Pty. Limited (the 'Company') which comprises the statement of financial position as at March 31, 2018, the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company financial position as at March 31, 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations, 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act, 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this Auditors' report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended March 31, 2018, but does not include the financial report and our Auditors' report thereon.

Our opinion on the financial report 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 report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act, 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the directors' 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 report 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 report, including the disclosures, and whether the financial report represents 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 control that we identify during our audit.

Deloitte Touche Tohmatsu

Harsh Shah
Partner

Chartered Accountants

Sydney

April 26, 2018

Balance Sheet

in AU$

Particulars	Note no.	As at March 31,	
		2018	2017
ASSETS			
Cash and cash equivalents	12a	20,874,003	19,800,726
Trade and other receivables	10	2,701,272	4,100,631
Other current assets	12c	584,341	550,924
Income tax assets		584,028	853,672
Prepayments	11	157,472	144,725
Total current assets		24,901,116	25,450,678
Deferred tax assets	16a	567,111	707,148
Property, plant and equipment	13	182,954	253,088
Total non-current assets		750,065	960,236
Total assets		25,651,181	26,410,914
LIABILITIES			
Trade and other payables	14	86,968	109,205
Other current liabilities	15	993,704	1,625,827
Provisions	17	88,888	53,126
Employee benefit obligations	18	1,852,900	3,071,465
Total current liabilities		3,022,460	4,859,623
Employee benefit obligations	18	581,108	180,248
Other non-current liabilities		246,720	–
Total non-current liabilities		827,828	180,248
Total liabilities		3,850,288	5,039,871
Net assets		21,800,893	21,371,043
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		18,411,844	17,981,994
Total equity		21,800,893	21,371,043

Statement of Profit or Loss and Other Comprehensive Income

in AU$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue	5	17,866,462	22,677,187
Cost of sales	6	(15,539,564)	(19,042,939)
Gross profit		2,326,898	3,634,248
Selling and distribution expenses		(72,291)	(219,704)
Administrative expenses		(1,789,666)	(1,965,729)
Operating profit		464,941	1,448,815
Finance income	7	254,376	268,587
Net finance income		254,376	268,587
Profit before tax		719,317	1,717,402
Income tax expense	16b	(289,467)	(549,075)
Profit after tax		429,850	1,168,327
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		429,850	1,168,327

Statement of Changes In Equity

in AU$

	Share capital	Retained earnings	Total equity
Balance as on April 1, 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 March 31, 2017	3,389,049	17,981,994	21,371,043
Balance as on April 1, 2017	3,389,049	17,981,994	21,371,043
Total other comprehensive income	–	–	–
Profit for the year	–	429,850	429,850
Total comprehensive income	–	429,850	429,850
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2018	3,389,049	18,411,844	21,800,893

Statement of Cash Flows

in AU$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Cash flows from operating activities			
Cash receipts from customers		21,052,467	26,991,276
Cash paid to suppliers and employees		(18,371,697)	(24,725,845)
Cash generated from operations		2,680,770	2,265,431
Interest received		220,616	252,055
Net Income taxes and GST received / (paid)		(1,806,469)	(1,719,032)
Net cash from operating activities	12b	1,094,917	798,454
Cash flows from investing activities			
Investment in security deposit		–	–
Purchase of plant equipment	13	(21,640)	(240,795)
Net cash used in investing activities		(21,640)	(240,795)
Cash flows 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		1,073,277	557,659
Cash and cash equivalents at 1st April		19,800,726	19,243,067
Cash and cash equivalents as at March 31	12a	20,874,003	19,800,726

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 and principal place of business 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 Limited, 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

(a) Statement of Compliance

The Company is for profit entity and the financial statements have been prepared as a general purpose financial report to satisfy the directors' reporting requirements under Corporations Act, 2001. Reduced disclosure regime has been adopted in the preparation of these financial statements.

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 financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act, 2001.

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

The annual financial statements were approved by the Board of Directors on the April 26, 2018.

(b) Basis of measurement

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

(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

In preparing these financial statements, the Management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

e) 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 March 31, 2018 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.
- 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.

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/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/ costs incurred.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally 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

(i) 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.

(ii) 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.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the repay date on Australian corporate bonds that have maturity dates approximately the term of the Company's obligations. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Termination benefits

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

(i) Current tax

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

(ii) Deferred tax

Deferred tax is 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.

(iii) Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(e) Property, plant and equipment

(i) Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is 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.

(ii) 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.

(iii) Depreciation

Depreciation is calculated to write-off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful lives of property, plant and equipment are as follows:

Particulars	2018
Plant and machinery	5 Years
Computer equipment	3–5 years
Furniture and fixtures	5 years

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

(f) Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) 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.

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are 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.

(iii) 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.

(iv) 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

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes :

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;

The disappearance of an active market for a security.

(ii) 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.

(iii) 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 weighting of all possible outcomes against their associated probabilities.

(i) Capital management

The Directors' policy is to maintain strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes to the Company's capital management during the year.

(j) Goods and service tax

Revenue, expenses and assets are 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.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are 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.

(ii) Leased assets

Assets held by the Company under leases, which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

(iii) 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 January 2018, 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, including 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 brought on to the statement of financial position, these standards become mandatory for the Companies in 2018 or 2019 financial statements. The Company does not plan to adopt this standard early. The Company is currently evaluating the effects of AASB 15 & AASB 9 on its financial statements. The Company is yet to evaluate the impact of AASB 16 on its financial statement.

5. Revenue

in AU$

Particulars	Years ended March 31,	
	2018	2017
Related party revenue	3,873,811	2,282,743
Third party revenue	13,992,651	20,394,444
	17,866,462	22,677,187

At March 31, 2018 the company has deferred revenue of $108,105 (2017 :$62,957), which represents the fair value of that portion of the revenue.

6. Cost of sales

in AU$

Particulars	Years ended March 31,	
	2018	2017
Travel	786,260	1,601,882
Employee benefit expense	12,455,822	14,807,760
External contractor expense and others	2,297,482	2,633,297
	15,539,564	19,042,939

7. Finance income

in AU$

Particulars	Years ended March 31,	
	2018	2017
Interest income from deposits with banks	254,376	268,587
	254,376	268,587

8. Auditors' remuneration

in AU$

Particulars	Years ended March 31,	
	2018	2017
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	–	20,000
Audit of financial statements – B S R & Co. LLP	–	23,296
Audit of financial statements – Deloitte Touche Tohmatsu	21,000	–
	21,000	43,296

9. Expenses by nature

in AU$

Particulars	Years ended March 31,	
	2018	2017
Depreciation	91,774	124,643
Employee benefits	13,320,024	15,594,309

10. Trade and other receivables

in AU$

Particulars	2018	2017
Current		
Trade receivables	2,147,102	3,311,466
Unbilled revenue	327,514	254,411
	2,474,616	3,565,877
Amounts due from related party	226,656	534,754
	2,701,272	4,100,631

11. Prepayments

in AU$

Particulars	2018	2017
Prepaid expenses	53,634	60,197
Loans and advances to employees	31,420	1,597
Advances paid for suppliers	72,418	82,931
	157,472	144,725

12. Cash and cash equivalents

a. Cash and cash equivalents

in AU$

Particulars	2018	2017
Cash at Bank	20,874,003	19,800,726
	20,874,003	19,800,726

b. Cash flows from operating activities

in AU$

Particulars	Years ended March 31,	
	2018	2017
Reconciliation of cash flow from operations with profit after income tax	429,850	1,168,327
Adjustments for :		
Depreciation	91,774	124,643
Loss on sale of fixed assets	–	93
	521,624	1,293,063
Changes in		
Trade and other receivables	1,399,359	2,046,370
Other current assets	(33,417)	–
Prepayments	(12,747)	(130,825)
Trade and other payables	(22,237)	28,316
Other liabilities	(632,123)	502,577
Deferred tax assets	140,037	422,322
Provisions	35,762	(113,270)
Employee benefits obligation	(570,985)	(1,657,820)
Net tax assets (liabilities)	269,644	(1,592,279)
Net cash from operating activities	1,094,917	798,454

c. Other current assets

in AU$

Particulars	2018	2017
Cash on deposit as security	500,000	500,000
Interest accrued but not received	84,341	50,924
	584,341	550,924

13. Property, plant and equipment

in AU$

Property, plant and equipment	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at April 1, 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 at March 31, 2017	74,702	317,834	510,379	902,915
Balance at April 1, 2017	74,702	317,834	510,379	902,915
Additions	–	–	21,640	21,640
Disposals	–	–	–	–
Balance at March 31, 2018	74,702	317,834	532,019	924,555
Accumulated Depreciation				
Balance at April 1, 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 at March 31, 2017	52,077	278,152	319,598	649,827
Balance at April 1, 2017	52,077	278,152	319,598	649,827
Depreciation	3,769	9,447	78,558	91,774
Disposals	–	–	–	–
Balance at March 31, 2018	55,846	287,599	398,156	741,601
Carrying Amounts				
At April l, 2016	18,618	32,914	85,497	137,029
At March 31, 2017	22,625	39,682	190,781	253,088
At April 1, 2017	22,625	39,682	190,781	253,088
At March 31, 2018	18,856	30,235	133,863	182,954

14. Trade and other payables

in AU$

Particulars	2018	2017
Trade payables	16,787	51,472
Amounts due to related party	70,181	57,733
	86,968	109,205

15. Other current liabilities

in AU$

Particulars	2018	2017
Accrued expenses	720,479	1,356,591
Deferred revenue	108,105	62,957
Withholding taxes payable	165,120	206,279
	993,704	1,625,827

16. Tax assets and liabilities

(a) Deferred tax assets

in AU$

Particulars	2018	2017
Deferred tax assets - timing differences	567,111	707,148
Deferred tax liabilities	–	–
Net deferred tax assets	567,111	707,148

(b) Reconciliation of effective tax rate

in AU$

Particulars	Years ended March 31,	
	2018	2017
Profit before tax	719,317	1,717,402
Tax using the Company's domestic tax rate of 30% (2017 : 30%)	215,795	515,221
Non-deductible expenses	73,672	33,854
Recognized in previously unrecognized tax losses	–	–

Particulars	Years ended March 31,	
	2018	2017
Change in recognized temporary differences	–	–
Income tax expense for the period	289,467	549,075

17. Provisions

in AU$

Particulars	2018	2017
Provision for post service client support	88,888	53,126
	88,888	53,126

18. Employee benefit obligations

in AU$

Particulars	2018	2017
Current		
Provision for employee bonuses	1,215,417	1,801,267
Annual leave	478,303	474,731
Long service leave	159,180	795,467
	1,852,900	3,071,465
Non-Current		
Long service leave	581,108	180,248
	581,108	180,248

19. 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	2018	2017
Less than one year	639,125	651,744
Between one and five years	1,191,425	1,830,519
Total	1,830,550	2,482,264

20. Key management personal 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 AU$

Particulars	2018	2017
Short term employee benefits	746,235	646,452

21. Financial instruments

Financial instruments by category

in AU$

Financial Assets	2018	2017
Cash and cash equivalents	20,874,003	19,800,726
Trade and other receivables	2,701,272	4,100,631
Other current assets	584,341	550,924
Financial liabilities		
At Amortized cost		
Trade and other payables	86,968	109,205
Other current liabilities	782,702	1,562,870

22. Contingent liabilities and financing facilities

a. Contingent liabilities

In the opinion of the Management, there are no contingent liabilities as at the Balance Sheet.

b. Financing facilities

in AU$

Particulars	2018	2017
Unsecured bank guarantee facility reviewed annually and payable at call		
Amount used	403,317	421,838
Amount unused	96,683	78,162
	500,000	500,000

23. Related party transactions

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

in AU$

Particulars	Years ended March 31,	
	2018	2017
Purchase of services		
Infosys BPM Limited	281,493	982,166
	281,493	982,166
Purchase of shared services including facilities and personnel		
Infosys Limited	134,722	12,366
	134,722	12,366
Sale of services		
Infosys Limited	1,804,191	650,967
Infosys BPM Limited	2,116,258	885,953
Infosys Poland Sp.z.o.o	(46,638)	741,352
Infosys Consulting Pte Ltd.	–	4,471
	3,873,811	2,282,743
Sale of shared services		
Infosys Limited	67,155	31,474
	67,155	31,474

The details of the amount due to or due from the related parties as at 31st March 2018 and 31st March 2017 as as follows

in AU$

Particulars	2018	2017
Trade receivables		
Infosys Limited	29,369	48,155
Infosys BPM Limited	191,033	81,112
Infosys Poland Sp.z.o.o	–	70,929
Infosys Consulting Pte Ltd.	–	303,085
	220,402	503,281
Other receivables		
Infosys Limited	5,358	31,474
Infosys BPM Limited	896	–
	6,254	31,474
Trade payables		
Infosys BPM Limited	33,248	45,782
	33,248	45,782
Other payables		
Infosys Limited	36,933	11,950
	36,933	11,950

24. Capital risk management

The Company manages its capital to ensure it continues as a going concern. The capital structure comprises issued capital, cash and retained earnings. There are no externally imposed capital requirements on the company.

25. Capital and reserves

(a) Share capital

Particulars	Ordinary shares	
	2018	2017
On issue at April 1,il (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at March 31, (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$

Particulars	Years ended March 31,	
	2018	2017
Dividend paid	–	–
	–	–
Dividend franking account		
30 per cent franking credits available to shareholders of Portland Group Pty. Limited for subsequent financial years	7,936,109	7,207,217
	7,936,109	7,207,217

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

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

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

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

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

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

26.Events subsequent to reporting date

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

Directors' declaration

In the opinion of the directors of the Portland Group Pty. Limited ('the Company') and :

(a) The Company is not publicly accountable nor a reporting entity;

(b) The financial statements and notes, set out on page 364 to 376, are in accordance with the Corporations Act 2001, including :

  (i) giving a true and fair view of the financial position of the Company as at March 31, 2018 and of its performance for the financial year ended on that date; and

  (ii) 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 directors.

Andrew Jarvis
Managing Director and Chief Executive officer

Sydney
April 26, 2018

INFOSYS (CZECH REPUBLIC) LIMITED s.r.o

Introduction

The nature of the services (business process outsourcing) provided by the Company Infosys (Czech Republic) Limited s.r.o. is 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 the related activities and web portals;
- Advisory and consulting activities, preparation of expert studies and opinions;
- Research and development in the field of natural and technical sciences, and social sciences;
- Mediation of trade and services; and
- Translation and interpretation activities.

2. Activities of accounting advisors, book-keeping and tax record keeping

Description of activities :

Technical contact center

Providing technical support to Infosys clients' personnel and/or customers via telephone, e-mail, and chat.

Support provided in most of the European languages.

Finance and accounting

Providing expert accounting support in the following areas :

- Accounts payable
- Accounts receivable
- Travel & expense
- General ledger

Insurance services

Processes :

- Underwriting support (end-to-end process – all stages of insurance policies)

Banking services

Provision of support to European clients of an American Bank in the transition to a new reporting software.

Digital content management

Analysing, updating, and reporting of digital content for a major American hi-tech manufacturer.

Sales Support

Support of sales and quoting activities in the European region for an American hi-tech manufacturer.

Other services

Small client operations with the following processes :

- Translation and interpretation support;
- Remote logistic software support;
- Remote quality control
- Transition and due-diligence support
- Project management support
- Process and operation management consulting
- Application development and maintenance
- IT services management

Information according to Section 21(2) of Act No. 563/1991, the Accounting Act

About facts which occurred after the Balance Sheet date and are material for the fulfilment of the purpose of this Annual Report :

none

No such facts occurred after the Balance Sheet date.

Change of the executive director :

As of October 1, 2017, Mr. Nishit Ajitkumar Shah was recalled from the position of the executive director. On October 1, 2017, Mr. Kapil Jain became the executive director.

Changes in the Supervisory Board :

As of October 1, 2017, Mr. Anantha Radhakrishnan, Mr. Anup Kapoor and Mr. Kapil Jain were recalled from the Supervisory Board.

On October 1, 2017, Mr. Ritesh Gandhi become a member of the Supervisory Board.

The change of the executive director, the recall of three Supervisory Board members and the appointment of Mr. Ritesh Gandhi to the Supervisory Board were registered in the Commercial Register on March 9, 2018.

About the forecasted development in the activities of the reporting unit

The turnover for 2017-18 amounted to 274,496 TCZK compared with 228,251 TCZK for 2016-17. The number of employees as of March 31, 2018 (including employees on maternity and parental leave) amounted to 383 (March 31, 2017 – 319 employees).

It is expected that in 2018-19 there will be 570 (excluding employees on maternity and parental leave) employees and a turnover of 364,328 TCZK

About the R&D activities :

none

About the acquisition of the treasury shares or own ownership interests

The Company acquired no own shares or ownership interests.

About the activities in the area of environmental protection

The Company tries to reach for ecological and thrifty handling of raw materials, energy, water and other resources when providing services in order to improve the inputs efficiency.

About the labour relations

The Company fulfils and meets all conditions and duties stipulated by the Czech Labour Code.

The Company does not have any branch or other component of its business enterprise abroad.

Enclosures :

- Audit Report
- Financial statements as of and for the period ended March 31, 2018.
- Report on Relations for the period ended March 31, 2018.

Independent Auditors' Report

To the partner of

Infosys (Czech Republic) Limited s.r.o.

Having its registered office at : Holandská 872/9, Štýřice, 639 00 Brno

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o. (hereinafter also the 'Company') prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the Balance Sheet as of March 31, 2018, and the Profit and Loss Account, Statement of Changes in Equity, and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

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, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation 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 matter

The financial statements of Infosys (Czech Republic) Limited s.r.o. for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on May 9, 2017.

Other information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditors' report thereon. The Statutory Executive 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these 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 the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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 of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executive and Supervisory Board for the financial statements

The Statutory Executive is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic 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 Statutory Executive 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 Executive 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 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 the above law or regulation, 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 Executive.
- Conclude on the appropriateness of the Statutory Executive'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 Statutory Executive and Supervisory Board 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.

Prague

April 27, 2018

Audit firm :	Statutory auditor :
Deloitte Audit s.r.o. Registration number : 079	Vratislav Moša Registration number : 2330

Balance Sheet

in Czech crown thousand

	Particulars	As at March 31,			
		2018			2017
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	342,928	59,476	283,452	277,094
B.	Fixed assets	127,063	59,408	67,655	63,642
B.II.	Tangible fixed assets	76,156	59,408	16,748	9,423
B.II.1.	Land and structures	10,358	9,644	714	366
B.II.1.2.	Structures	10,358	9,644	714	366
B.II.2.	Tangible movable assets and sets of tangible movable assets	64,397	49,764	14,633	9,057
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1,401		1,401	
B.II.5.2.	Tangible fixed assets under construction	1,401		1,401	
B.III.	Non-current financial assets	50,907		50,907	54,219
B.III.5.	Other non-current securities and investments	50,907		50,907	54,219
C.	Current assets	215,210	68	215,142	212,742
C.II.	Receivables	74,311	68	74,243	33,844
C.II.1.	Long-term receivables	10,169		10,169	10,015
C.II.1.4.	Deferred tax asset	5,563		5,563	5,409
C.II.1.5.	Receivables - other	4,606		4,606	4,606
C.II.1.5.2.	Long-term prepayments made	4,606		4,606	4,606
C.II.2.	Short-term receivables	64,142	68	64,074	23,829
C.II.2.1.	Trade receivables	53,624	68	53,556	23,148
C.II.2.4.	Receivables - other	10,518		10,518	681
C.II.2.4.3.	State - tax receivables	6,528		6,528	474
C.II.2.4.4.	Short-term prepayments made	560		560	173
C.II.2.4.5.	Estimated receivables	3,410		3,410	
C.II.2.4.6.	Sundry receivables	20		20	34
C.IV.	Cash	140,899		140,899	178,898
C.IV.2.	Cash at bank	140,899		140,899	178,898
D.	Other assets	655		655	710
D.1.	Deferred expenses	655		655	710

in Czech crown thousand

	Particulars	As at March 31,	
		3/31/2018	3/31/2017
	TOTAL LIABILITIES AND EQUITY	283,452	277,094
A.	Equity	223,129	227,773
A.I.	Share capital	18,750	18,750
A.I.1.	Share capital	18,750	18,750
A.II.	Share premium and capital funds	(3,312)	
A.II.2.	Capital funds	(3,312)	
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	(3,312)	
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	207,148	151,809
A.IV.1.	Accumulated profits brought forward	249,180	193,841
A.IV.2.	Accumulated losses brought forward (-)	(42,032)	(42,032)
A.V.	Profit or loss for the current period (+/-)	(1,332)	55,339
B.+C.	Liabilities	60,323	49,321
B.	Reserves	10,413	7,559
B.II.	Income tax reserve		3,667
B.IV.	Other reserves	10,413	3,892
C.	Payables	49,910	41,762
C.II.	Short-term payables	49,910	41,762
C.II.4.	Trade payables	3,340	2,667
C.II.8.	Other payables	46,570	39,095
C.II.8.3.	Payables to employees	17,362	6,991
C.II.8.4.	Social security and health insurance payables	4,531	3,760
C.II.8.5.	State - tax payables and subsidies		1,261
C.II.8.6.	Estimated payables	24,677	27,083

Profit and Loss Account

in Czech crown thousand

	Particulars	Years ended March 31,	
		2018	2017
I.	Sales of products and services	274,496	228,251
A.	Purchased consumables and services	47,029	47,269
A.2.	Consumed material and energy	3,669	3,046
A.3.	Services	43,360	44,223
D.	Staff costs	188,047	147,026
D.1.	Payroll costs	139,057	107,778
D.2.	Social security and health insurance costs and other charges	48,990	39,248
D.2.1.	Social security and health insurance costs	45,751	36,585
D.2.2.	Other charges	3,239	2,663
E.	Adjustments to values in operating activities	5,664	4,705
E.1.	Adjustments to values of intangible and tangible fixed assets	5,663	4,950
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	5,663	4,950
E.3.	Adjustments to values of receivables	1	(245)
III.	Other operating income		22,386
III.1.	Sales of fixed assets		299
III.3.	Sundry operating income		22,087
F.	Other operating expenses	7,039	(5,995)
F.1.	Net book value of sold fixed assets		102
F.3.	Taxes and charges	7	19
F.4.	Reserves relating to operating activities and complex deferred expenses	6,522	(7,434)
F.5.	Sundry operating expenses	510	1,318
*	Operating profit or loss (+/-)	26,717	57,632
VI.	Interest income and similar income	3	192
VI.2.	Other interest income and similar income	3	192
VII.	Other financial income	1,974	12,050
K.	Other financial expenses	30,026	5,689
*	Financial profit or loss (+/-)	(28,049)	6,553
**	Profit or loss before tax (+/-)	(1,332)	64,185
L.	Income tax		8,846
L.1.	Due income tax	154	11,115
L.2.	Deferred income tax (+/-)	(154)	(2,269)
**	Profit or loss net of tax (+/-)	(1,332)	55,339
***	Profit or loss for the current period (+/-)	(1,332)	55,339
*	Net turnover for the current period	276,473	262,879

Statement of Changes in Equity

in Czech crown thousand

Particulars	Share capital	Capital funds	Funds from profit, reserve fund	Profit or loss of prior years (+/-)	Profit or loss for the current period	TOTAL EQUITY
Balance at March 31, 2016	18,750		1,875	150,804	1,005	172,434
Distribution of profit or loss				1,005	(1,005)	
Profit or loss for the current period					55,339	55,339
Balance at March 31, 2017	18,750		1,875	151,809	55,339	227,773
Distribution of profit or loss				55,339	(55,339)	
Gains or losses from the revaluation of assets and liabilities		(3,312)				(3,312)
Profit or loss for the current period					(1,332)	(1,332)
Balance at March 31, 2018	18,750	(3,312)	1,875	207,148	(1,332)	223,129

Cash Flow Statement

in Czech crown thousand

		Years ended March 31,	
		2018	2017
P.	Opening balance of cash and cash equivalents	178,898	152,629
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	1,332	64,185
A.1.	Adjustments for non-cash transactions	12,181	(3,252)
A.1.1.	Depreciation of fixed assets	5,663	4,950
A.1.2.	Change in provisions and reserves	6,521	(7,813)
A.1.3.	Profit / (loss) on the sale of fixed assets		(197)
A.1.5.	Interest expense and interest income	(3)	(192)
A.*	Net operating cash flow before changes in working capital	10,849	60,933
A.2.	Change in working capital	(26,036)	24,503
A.2.1.	Change in operating receivables and other assets	(34,199)	27,398
A.2.2.	Change in operating payables and other liabilities	8,163	(2,895)
A.**	Net cash flow from operations before tax	(15,187)	85,436
A.5.	Income tax paid from ordinary operations	(9,824)	(1,504)
A.***	Net operating cash flows	(25,011)	83,932
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(12,988)	(57,721)
B.2.	Proceeds from fixed assets sold		299
B.***	Net investment cash flows	(12,988)	(57,422)
	Cash flow from financial activities		
C.1.	Change in payables from financing		(241)
C.***	Net financial cash flows		(241)
F.	Net increase or decrease in cash and cash equivalents	(37,999)	26,269
R.	Closing balance of cash and cash equivalents	140,899	178,898

Year ended March 31, 2018 (in CZK thousand).

1. General information and description of the business

Incorporation and description of the Company

Infosys (Czech Republic) Limited s.r.o. (hereinafter the 'Company') was incorporated on February 4, 2004 following its registration in the Register of Companies held by the Regional Court in Brno, Insert No. 45386, File C. The principal business activities of the Company include the production, trade and services not listed in Appendices 1 to 3 of the Trade Licencing Act, and accounting advisory, book-keeping and tax records keeping.

Reporting period

April 1, 2017 – March 31, 2018

Company owners

The Company's shareholder as of March 31, 2018 :
Infosys BPM Limited 100 %
560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6
India

Registered office of the Company

Infosys (Czech Republic) Limited s.r.o.
Holandská 872/9
Postcode 639 00 Štýřice, Brno

Corporate ID

269 18 757

Statutory body

The sole Executive Director of the Company as of March 31, 2018 :
Kapil Jain

Acting on behalf of the Company

The Executive Director acts independently on behalf of the Company

Members of the Supervisory Board as of March 31, 2018 :

Ritesh Gandhi

The consolidated financial statements of the broadest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys Limited, based in Electronics City, Hosur Road, Bengaluru, 560 100, India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

The consolidated financial statements of the narrowest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys BPM Limited based at Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

Changes in the Corporate records made in the Register of Companies :

In the year ended March 31, 2018, the following changes were recorded :

Executive Director :

Nishit Ajitkumar Shah, born on December 11, 1972
560100 Electronic City Phase I, Bengaluru South, Electronics City, Bengaluru, Karnataka, Q 1802,
Ajmera Infinity, Neeladri Road, Near Wipro Gate 16, India
Position origination date : July 19, 2016
Position expiry date : October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Executive Director :

Kapil Jain, born on March 3, 1967
SW197PB London, 12 The Oaks, 84-86 Wimbledon Hill Road, United Kingdom
Position origination date : 1 October 2017
Recorded on 9 March 2018

Chairman of the Supervisory Body :

Anantha Radhakrishnan, born on June 17, 1967
560064 Bengaluru, Mims Espacio 62, India
Position origination date : July 19, 2016
Position expiry date : October 1, 2017
Membership origination date : June 8, 2012
Membership expiry date : October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Member of the Supervisory Board :

Anup Kapoor, born on November 14, 1965
110017 Saket, New Delhi, D 16, Second Floor, Block D, India
Membership origination date : 19 July 2016
Membership expiry date : 1 October 2017
Recorded on 26 September 2016
Deleted on 9 March 2018

Member of the Supervisory Board :

Kapil Jain, born on March 3, 1967
SW197PB London, 12 The Oaks, 84-86 Wimbledon Hill Road, United Kingdom
Membership origination date : July 19, 2016
Membership expiry date : October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Member of the Supervisory Board :

Ritesh Gandhi, born on April 23, 1975
GU151HD Camberley, 216 Upper Chobham Road, United Kingdom
Membership origination date : October 1, 2017
Recorded on March 9, 2018

Number of Members of the Supervisory Board : three (3)
Recorded on May 24, 2016

Deleted on March 9, 2018
Number of Members of the Supervisory Board : two (2)
Recorded on March 9, 2018

Shareholder :

Infosys BPO Limited
560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6, India
Recorded on February 19, 2007

Deleted on January 22, 2018

Shareholding :

Investment made : CZK 18,750,000.00

Paid in : 100 %

Equity interest : 100 %

Recorded on October 20, 2015

Deleted on January 22, 2018

Shareholder :

INFOSYS BPM LIMITED

560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6, India

Corporate ID : U72200KA2002PLC030310

Recorded on January 22, 2018

Shareholding :

Investment made : CZK 18,750,000.00

Paid in : 100 %

Equity interest : 100 %

Recorded on January 22, 2018

Organizational Structure

The Company is managed by the Executive Director.

2. Significant accounting policies applied by the Company

The financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended (hereinafter the 'Accounting Act') and the Regulation 500/2002 Coll. of the Ministry of Finance of the Czech Republic, which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended (hereinafter the 'Regulation'). The comparative figures for the year ended March 31, 2017 are presented in line with the structure and classification of items in the Balance Sheet and Profit and Loss Account as stipulated by the Regulation, as amended for 2017.

The financial statements were prepared under the assumption of the Company's ability to operate as a going concern.

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost. Tangible and intangible fixed assets with the acquisition cost of less than CZK 2.5 thousand are not presented on the face of the Balance Sheet and are expensed in the year of acquisition. The following table shows the depreciation methods and periods by asset type :

Asset	Depreciation method	Time of depreciation
Office equipment	straight-line	60 months
Computers	straight-line	36 - 60 months

Technical improvements on tangible assets held under a lease (buildings) are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

(b) Non-current financial assets

Non-current financial assets are valued in line with Sections 25 and 27 of the Accounting Act and Sections 48 and 51 of the Regulation.

In line with the Act and the Regulation, the Company states securities and equity investments at cost. Impaired financial assets are provided for.

(c) Provisions and reserves

Receivables

The Company establishes provisions against doubtful receivables based on an analysis of individual debtor's solvency.

Reserves

Reserve for outstanding vacation days

The reserve for outstanding vacation days at the Balance Sheet date is established based on an analysis of the outstanding vacation days and the average payroll costs, including the costs of social security and health insurance payments per employee.

Income tax reserve

The income tax reserve is established due to the fact that the date of preparing the financial statements precedes the date at which the tax liability is determined. In the subsequent reporting period, the reserve is released and the identified tax liability is recognized.

Reserve for warranty claims

The Company establishes a reserve for the risk of warranty claims arising from projects and engagements implemented in the prior reporting period.

Reserve for other risks

The reserve for other risks is established for sundry risks arising from other matters identified by the Company as of the Balance Sheet date.

(d) Foreign currency translation

Transactions denominated in foreign currencies are translated using a fixed monthly exchange rate determined based on the daily exchange rate promulgated by the Czech National Bank as of the first business day of each calendar month. The exchange rate is applicable for all transactions occurring in the relevant month. Customer invoices are translated using the exchange rate promulgated by the Czech National Bank as of the date of the invoice issuance. Payments denominated in CZK made from bank accounts maintained in other currencies (EUR, USD) are translated using the internal exchange rates determined by Citi Bank, a.s. and Deutsche Bank. During the reporting period, solely realized foreign exchange rate gains and losses are reported.

At the Balance Sheet date, the relevant assets and liabilities denominated in foreign currencies are translated at the Czech National Bank's exchange rate prevailing as of that date. Unrealized foreign exchange rate gains and losses are recognized in the profit or loss for the reporting period.

(e) Assets held under leases

The Company reports leasehold assets by including the lease payments in expenses on a straight-line basis over the lease period. Upon the expiry of the lease and exercise of the option to purchase the leased asset, the subject of the lease is reported as part of the Company's assets at purchase (replacement) cost.

(f) Income taxation

The tax payable for the given period includes the tax currently payable and the change in the deferred tax balance.

The tax currently payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all additional taxes and tax refunds for prior periods.

The deferred tax is based on all temporary differences between the accounting and tax values of assets and liabilities, using the anticipated tax rate valid for the period in which the tax asset will be realized or the liability settled.

A deferred tax asset is recognized only if it is likely that it will be realized in the following reporting periods.

(g) Classification of payables

The Company classifies a portion of long-term payables, bank loans and financial borrowings maturing within less than one year from the Balance Sheet date as short-term payables.

(h) Other operating income

The Company reports income arising from received grants in the reporting period in which the relevant authorities rule to provide the funding under the grants.

3. Changes in accounting principles and policies

In the year ended March 31, 2018, no changes were made in the accounting principles and policies.

4. Tangible fixed assets

Particulars	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Cost				
Balance at 1 April 2017	9 767	53 401	54 219	117 387
Additions	591	12 397	–	12 988
Disposals	–	–	–	–
Foreign exchange rate gains / losses				
Reclassification	–	–	(3 312)	(3 312)
Balance at March 31, 2018	10 358	65 798	50 907	127 063
Accumulated depreciation				
Balance at 1 April 2017	9 401	44 344	–	53 745
Depreciation	242	5 420	–	5 662
Accumulated depreciation on disposals	–	–	–	–
Reclassification	–	–	–	–
Balance at March 31, 2018	9 644	49 764	–	59 408
Net book value at 1 April 2017	366	9 057	54 219	63 642
Net book value at March 31, 2018	714	16 034	50 907	67 655

Major additions to fixed assets in the reporting period included the purchase of IT equipment and computers.

Financial assets include an equity investment of 9.1 % in Unsilo A/S, with its registered office at: Inge Lehmannsgade 10, 8000 Aarhus C, Denmark.

None of the Company's assets have been pledged as security.

Particulars	Buildings	Machinery and equipment	Fixed assets under construction	Total
Cost				
Balance at 1 April 2016	9 650	52 470	–	62 120
Additions	177	3 325	54 219	57 721
Disposals	(60)	(2 394)	–	(2 454)
Reclassification	–			–
Balance at March 31, 2017	9 767	53 401	54 219	117 387
Accumulated depreciation				
Balance at 1 April 2016	9 274	41 873	–	51 147
Depreciation	187	4 763	–	4 950
Accumulated depreciation on disposals	(60)	(2 292)	–	(2 352)
Reclassification	–	–	–	–
Balance at March 31, 2017	9 401	44 344	–	53 745
Net book value at 1 April 2016	376	10 597	–	10 973
Net book value at March 31, 2017	366	9 057	54 219	63 642

5. Assets held under leases

Operating leases

In the reporting period, the Company held non-residential premises under leases; the premises were located at the following address: Holandská 9 and 10, Brno, Postcode 639 00 (lease agreement valid until March 2023, with the option of extension). The total lease expenses amounted to CZK 18,183 thousand and CZK 19,709 thousand in the years ended March 31, 2018 and 2017, respectively.

6.Off Balance Sheet tangible and intangible fixed assets

In line with the accounting policies specified in Note 2 (a) above, the Company expensed low value tangible and intangible fixed assets in the year of their acquisition. The total accumulated cost of such low value tangible and intangible fixed assets, which have been put into use, was as follows:

Particulars	Balance at March 31, 2018	Balance at March 31, 2017
Tangible fixed assets	0	0

7. Trade receivables and payables

(a) Short-term trade receivables amounted to CZK 53,624 thousand (March 31, 2017 – CZK 23,215 thousand), of which CZK 33,590 thousand (March 31, 2017 – CZK 6,133 thousand) included past-due receivables. Provisions against doubtful receivables amounted to CZK 68 thousand and CZK 67 thousand as of March 31, 2018 and 2017, respectively.

(b) Short-term trade payables amounted to CZK 3,340 thousand (March 31, 2017 – CZK 2,667 thousand), of which CZK 2,742 thousand (March 31, 2017 – CZK 2,549 thousand) included past-due payables.

8. Advance payments made

Short-term advance payments made include prepayments for the lease of residential and non-residential premises in the amount of CZK 560 thousand (as of March 31, 2017 – CZK 173 thousand). Long-term advance payments made include prepayments for the lease of office premises in the amount of CZK 4,606 thousand (as of March 31, 2017 – CZK 4,606 thousand).

9. Adjustments or provisions against receivables

Particulars	Provision against receivables	Total
Balance at 1 April 2017	67	67
Change in provisions	1	1
Balance at March 31, 2018	68	68

10. Statement of changes in equity

As of the date of the signing of the financial statements, no decision was made on the settlement / transfer of the loss incurred for the year ended March 31, 2018. The Company's Management anticipates transferring the loss incurred in the reporting period to accumulated losses brought forward.

11.Reserves

Particulars	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at 1 April 2017	2 176	0	3 667	1 716	7 559
Change in reserves	118	0	(3 667)	6 403	2 854
Balance at March 31, 2018	2 294	0	0	8 119	10 413

The income tax reserve in the amount of CZK nil (March 31, 2017 – CZK 11,051 thousand), the advance payments made in the amount of CZK 6,439 thousand (March 31, 2017 – CZK 7,384 thousand), and the relevant payable are reported in the line 'Reserve for income tax' in the amount of CZK nil (March 31, 2017 – CZK 3,667 thousand).

12. Sales

In the reporting period, the sales of services were as follows:

Particulars	Years ended March 31, 2018				Year ended March 31, 2017			
	In-country	Europe + USA	India	Total	In-country	Europe + USA	India	Total
Advisory, HW and SW consulting	22 440	113 066	138 990	274 496	2 833	112 566	112 852	228 251
Total	22 440	113 066	138 990	274 496	2 833	112 566	112 852	228 251

In the years ended March 31, 2018 and 2017, the Company reported other operating income in the amount of CZK nil and CZK 22,087 thousand, respectively, which principally included income arising from grants for the business activities

13. Related party transactions

(a) Trade receivables and payables

Particulars	Receivables at March 31, 2018	Receivables at March 31, 2017	Receivables at March 31, 2018	Receivables at March 31, 2017
Infosys Poland Sp.z.o.o	309	244	–	–
Infosys BPM Ltd	1 625	–	17	–
Infosys Technologies Limited	10 639	9 762	30	–
Balance at March 31, 2018	12 573	10 006	47	–

(b) Sales of goods and services and purchases thereof

Year ended March 31, 2018	Sales	Purchases
Infosys Poland Sp. z o.o.	4 085	0
Infosys BPM Ltd	1 645	17
Infosys Limited	137 345	128
Total	143 075	145

Year ended March 31, 2017	Sales	Purchases
Infosys Poland Sp. z o.o.	3 766	–
Infosys BPM Ltd	114	–
Infosys Limited	112 738	590
Total	116 618	590

(c) Benefits and loans provided to the members of Statutory and Supervisory Bodies

In the years ended March 31, 2018 and 2017, the Company did not provide any benefits and loans to the members of its statutory bodies.

14. Services

The total costs of services amounted to CZK 43,360 thousand (March 31, 2017 – CZK 44,223 thousand), which principally included the lease expenses in the amount of CZK 18,408 thousand (March 31, 2017 – CZK 20,697 thousand).

15. Employees and managers

The average re-calculated number of employees and managers, and the staff costs for the years ended March 31, 2018 and 2017 were as follows:

Year ended March 31, 2018	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	382	136 514	45 160	3 229
Managers	1	2 543	591	10
Total	383	139 057	45 751	3 239

Year ended March 31, 2017	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	318	105 393	36 048	2 654
Managers	1	2 385	537	9
Total	319	107 778	36 585	2 663

16. Estimated payables

Total estimated payables amounted to CZK 24,677 thousand (March 31, 2017 – CZK 27,083 thousand) and included estimated unbilled services in the amount of CZK 24,677 thousand (March 31, 2017 – CZK 25,696 thousand). The estimated amount of unbilled services principally includes the lease of non-residential premises in the amount of CZK 15,507 thousand (March 31, 2017 – CZK 18,156 thousand).

17. Other financial expenses and income

Other financial expenses in the amount of CZK 30,026 thousand (March 31, 2017 – CZK 5,689 thousand) and other financial income in the amount of CZK 1,974 thousand (March 31, 2017 – CZK 12,050 thousand) principally included realized and unrealized foreign exchange rate gains and losses.

18. Due amounts arising from social security and health insurance

The amounts due arising from social security and health insurance amounted to CZK 4,531 thousand (March 31, 2017 – CZK 3,760 thousand), of which the amount of CZK 3,339 thousand (March 31, 2017 – CZK 2,952 thousand) included estimated social security payments and the amount of CZK 1,192 thousand (March 31, 2017 – CZK 808 thousand) included estimated health insurance payments. None of these amounts were past their due dates.

19. Fees paid to the statutory auditor

This information is presented in the notes to the consolidated financial statements prepared for the consolidation group in which the Company is included.

20. Income taxation

(a) Tax currently payable

The income tax payable comprises the estimated tax amount for the taxation period ended March 31, 2018 in the amount of CZK 435 thousand (taxation period ended March 31, 2017 - CZK 11,051 thousand), and an adjustment of the estimated income tax for the taxation period ended March 31, 2017 of CZK 281 thousand (taxation period ended March 31, 2016 - CZK 64 thousand).

(b) Deferred tax

Particulars	Asset	
	Balance at March 31,	
	2018	2017
Fixed assets	638	1 207
Receivables		–
Reserves	1 979	752
Other temporary differences	2 946	3 450
Deferred tax asset/ (liability)	5 563	5 409

In line with the accounting policies presented in Note 2 (f) above, the Company recognized a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the loss incurred for the year ended March 31, 2018.

In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of March 31, 2018, the applied tax rate amounted to 19% (2016 – 19%).

21. Off Balance Sheet commitments

The Company has no contractual liabilities reported off the Balance Sheet.

22. Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash on hand, cash in transit, cash at bank, and other financial assets, the value of which can be reliably determined and which are easily convertible into cash. The balance of cash and cash equivalents as of the Balance Sheet date was as follows:

Particulars	Balance at March 31,	
	2018	2017
Total current financial assets	140 899	178 898
Cash and cash equivalents	140 899	178 898

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

23. Significant post Balance Sheet events

As of the Balance Sheet date, the Company's Management is not aware of any significant post Balance Sheet events that would have a material impact on the financial statements

as of March 31, 2018.

Signature of the statutory body or an individual on behalf of the reporting entity.

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o.

April 27, 2018

Related party transactions report

The Company's Executive Director has prepared this Report on the Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Other Entities Controlled by the Same Controlling Entity under Section 82 of Act No. 90/2012, on Business Corporations, for the reporting period from 1 April 2017 to March 31, 2018 (hereinafter the 'reporting period'). The description of the transactions was prepared in compliance with the Company's business secrecy obligation.

1) Relationship structure

According to the information available to the Company's Executive Director, acting with due care, in the reporting period the Company was included in the Infosys BPM Group. The Group's parent is Infosys BPM Limited (hereinafter the 'Infosys BPM Group'). Infosys BPM Limited is a subsidiary of Infosys Limited, which is its majority shareholder. The information on the entities included in the Infosys BPM Group is valid as of March 31, 2018 and is presented based on the information available to the Company's Executive Director, acting with due care. The relationship structure in the Infosys BPM Group is presented in Appendix 1.

Controlling Entity: Infosys BPM Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bengaluru, 561229 India

Controlled Entity: Infosys (Czech Republic) Limited s.r.o., Brno, Holandská 872/9, Postcode 639 00, Corporate ID: 269 18 757, Czech Republic

Infosys BPM Limited is the Company's founder and sole shareholder.

2) Role of the Company in the Infosys BPM group

The majority shareholder and controlling entity of the Company is Infosys BPM Limited. As well as other entities from the Infosys BPM Group, the Company enjoys the advantages of the global provision of services, processes re-design and technologies. As such, it renders effectiveness and cost efficiency to its clients' business processes. Therefore, by way of business process administration, in addition to providing added value, the Company enhances its clients' competitive ability. The Company is a major provider of business process administration services to organizations that outsource their processes.

For the most part, the Company provides its services to such organizations (clients) directly. However, in respect of a certain portion of its activities, it acts as a sub-supplier of Infosys Poland Sp. z o.o., Infosys Limited, and Infosys BPM Limited. In such cases, Infosys Poland Sp. z o.o., Infosys Limited, and Infosys BPM Limited act as the primary supplier towards the customers, and in contractual terms, they assume all major risks related thereto.

3) Method and means of control

The Company is principally controlled by way of the decisions passed by its sole shareholder (Infosys BPM Limited), acting in its capacity as the Company's General Meeting. Infosys BPM Limited is the sole shareholder of the Company.

4) Overview of actions adopted by the controlled entity in the interest or at the initiative of the controlling entity or the entities controlled by the controlling entity

In the reporting period, the Company adopted no measures in the interest or at the initiative of the Controlling Entity or the Entities Controlled by the Controlling Entity, in respect of assets exceeding 10% of the Company's equity as per the most recent set of financial statements.

5) Overview of contracts concluded between the controlled entity and the controlling entity and between the controlled entity and the entities controlled by the same controlling entity

a) Contracts entered into by the controlled entity and the controlling entity:

During the reporting period, the sub-supplier contracts concluded by and between the Company (acting as the seller and supplier) and Infosys BPM Limited and Infosys Limited (acting as the customers) were valid and effective.

Particulars	Sales for the reporting period in CZK thousand	Purchases for the reporting period in CZK thousand
Infosys BPM Limited	1 645	17
Infosys Limited	137 345	128

b) Contracts entered into by the controlled entity and the entities controlled by the same controlling entity:

During the reporting period, the sub-supplier agreement entered into by the Company (acting as the seller and supplier) and Infosys Poland Sp. z. o.o. (acting as the customer) was valid and effective.

	Sales for the reporting period in CZK thousand	Purchases for the reporting period in CZK thousand
Infosys Poland Sp. z o.o.	4 085	0

6) Detriment Incurred and the Compensation thereof

The Company incurred no significant detriment arising from the contracts concluded by and between the Company and the Controlling Entity and by and between the Company and the Entities Controlled by the Same Controlling Entity, and from the acts adopted by the Company in the interest or at the initiative of the Controlling Entity or the Entities Controlled by the Same Controlling Entity.

7) Assessment of advantages, disadvantages and risks arising from the transactions between the controlled entity and the controlling entity and between the controlled entity and other entities controlled by the same controlling entity

The Company's inclusion in the Infosys BPM Group is advantageous for the Company, as both the Infosys Group and the Infosys BPM Group are global concerns with strong brands and reputation among potential customers and employees. The Company uses these benefits in the business negotiations with customers and potential clients, as well as in order to attract qualified and motivated employees.

The Company incurred no detriment arising from its inclusion in the Infosys BPM Group.

The Company is not exposed to any risks arising from its inclusion in the Infosys BPM Group.

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o.

April 27, 2018

INFOSYS CONSULTING PTE LTD.

Directors' statement

The Directors present their statement together with the audited financial statements of the Company for the financial year ended December 31, 2017.

In our opinion :

(a) the financial statements of the Company set out on pages FS1 to FS21 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2017 and the financial performance, changes in equity and cash flows of the Company for the year then ended and at the date of this statement in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, having regard the financial support provided by a related company, Infosys Consulting Holding AG, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, notwithstanding the deficiency in net assets.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Directors

The Directors of the Company in office at the date of this statement are :

Gordon Jamieson Bryan	(Appointed on June 1, 2016)
Wise Stephen Dugald	(Resigned on May 31, 2017)
Shveta Arora	(Appointed on October 4, 2017)
Kenneth John Toombs	(Appointed on October 4, 2017)
Inderpreet Sawhney	(Appointed on October4, 2017)

Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures.

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Directors' interest in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and share capital and debentures of its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, Deloitte & Touche LLP, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors

Gordon Jamieson Bryan
Director
March 21, 2018

Shveta Arora
Director
March 21, 2018

Independent Auditors' Report

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Infosys Consulting Pte Ltd. ('the Company'), which comprise the Statement of Financial Position as at December 31, 2017, the Statements of Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 399 to 409.

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 ('FRS') so as to give a true and fair view of the financial position of the Company as at December 31, 2017 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 ('SSA'). 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 ('ACRA') 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 matters

The financial statements of the Company for the year ended December 31, 2016 were audited by KPMG LLP, who expressed an unmodified opinion on those financial statements in their report dated 20 March 2017.

Information other than the financial statements and auditors' report thereon

Management is responsible for the other information. The other information comprises the Directors' statement as set out on page 396. 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

The 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 FRS, 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, 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.

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 :

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

(e) 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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
March 21, 2018

Statement of financial position

in S$

Particulars	Note no.	As at 31 December 2017	
		2017	2016
ASSETS			
Non-current assets			
Plant and equipment	4	165,294	305,803
Current assets			
Trade and other receivables	5	4,089,388	2,578,475
Cash and cash equivalents	6	264,284	320,515
		4,353,672	2,898,990
Total assets		4,518,966	3,204,793
EQUITY AND LIABILITIES			
Equity			
Share capital	7	10,990,000	10,990,000
Accumulated losses		(11,009,898)	(11,268,629)
Net capital deficiency		(19,898)	(278,629)
Current liabilities			
Trade and other payables	8	2,677,521	3,271,520
Loan from related company	9	1,861,343	211,902
Total liabilities		4,538,864	3,483,422
Total equity and liabilities		4,518,966	3,204,793

Statement of Comprehensive Income

in S$

Particulars	Note no.	Years ended 31 December	
		2017	2016
Revenue	10	14,488,576	15,884,500
Other income		803,672	832,179
Total income		15,292,248	16,716,679
Employee benefit expenses	11	(10,595,243)	(11,857,931)
External contractor expenses		(2,015,194)	(4,417,183)
Travel expense		(1,165,147)	(1,274,447)
Professional charges		(225,262)	(341,723)
Depreciation expense	4	(159,883)	(151,541)
Other operating expenses		(950,143)	(949,480)
Interest expense		(30,991)	(246,972)
Profit / (loss) before tax	12	150,385	(2,522,598)
Tax credit (expense)	13	108,346	(293,696)
Profit / (loss) for the year, representing total comprehensive income (loss) for the year		258,731	(2,816,294)

Statement of Changes in Equity

in S$

Particulars	Year ended December 31, 2017		
	Share capital	Accumulated (losses) profit	Total
As 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 owner, recorded directly in equity contribution by owner			
Issuance of ordinary shares	10,890,000	–	10,890,000
Total contribution by owner	10,890,000	–	10,890,000
As at December 31, 2016	10,990,000	(11,268,629)	(278,629)
As at January 1, 2017	10,990,000	(11,268,629)	(278,629)
Total comprehensive income for the year			
Profit for the year / total comprehensive income for the year	–	258,731	258,731
As at December 31, 2017	10,990,000	(11,009,898)	(19,898)

Statement of Cash Flows

in S$

Particulars	Note	Years ended December 31,	
		2017	2016
Cash flows from operating activities			
Profit / (loss) before tax		150,385	(2,522,598)
Adjustments for			
Interest expense		30,991	246,972
Loss on disposal of plant and equipment		115	–
Depreciation of plant and equipment	4	159,883	151,541
		341,374	(2,124,085)
Changes in working capital			
Trade and other receivables		(1,510,913)	1,869,791
Trade and other payables		(485,653)	(848,278)
Net cash used in operating activities		(1,655,192)	(1,102,572)
Cash flows from investing activity			
Purchase of plant and equipment	4	(19,489)	(367,071)
Net cash used in investing activity		(19,489)	(367,071)
Cash flows from financing activity			
Loan from related company		1,618,450	1,509,490
Net cash from financing activity		1,618,450	1,509,490
Net (decrease) increase in cash and cash equivalents		(56,231)	39,847
Cash and cash equivalents at beginning of year		320,515	280,668
Cash and cash equivalents at end of year	6	264,284	320,515

Significant non-cash transactions

In 2016, the Company issued 10,890,000 ordinary shares at the issue price of S$ 1.00 per share to a related company, Infosys Consulting Holding AG, by way of capitalization of the loan due to the related company.

These notes form an integral part of the financial statements. The financial statements were authorized for issue by the Board of Directors on March 21, 2018.

1. Domicile and activities

Infosys Consulting Pte Ltd. (the Company) is incorporated in the Republic of Singapore with its principal place of business and 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.

The ultimate holding company is Infosys Limited, a company incorporated in India.

2. Basis of preparation

2.1 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the deficiency in net assets, as the related company, Infosys Consulting Holding AG, 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 FRS requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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

In the current year. the Company has adopted all the new and revised FRS that are relevant to its operations, and effective for annual periods beginning on January 1, 2017. The adoption of the new and revised FRS has no material effect on the amount reported for the current or prior years.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign 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 and fittings	3 years
Office equipment	5 years

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

3.4 Impairment

Non financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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.

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 at the end of each reporting period.

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 1 January 2018, and have not been applied in preparing these financial statements. The Company 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.

The Company does not plan to adopt these standards early.

4. Plant and equipment

in S$

Particulars	Computers	Furniture, fittings and office equipment	Total
Cost			
As at January 1, 2016	195,121	5,920	201,041
Additions	52,589	314,482	367,071
As at December 31, 2016	247,710	320,402	568,112
Additions	19,304	185	19,485
Disposals	(41,405)	(3,400)	(44,801)
As at December 31, 2017	225,609	317,187	542,796
Accumulated depreciation			
As at January 1, 2016	104,848	5,920	110,768
Depreciation charge for the year	65,739	85,802	151,541
As at December 31, 2016	170,587	91,722	262,309
Depreciation charge for the year	54,134	105,749	159,883
Disposals	(41,290)	(3,400)	(44,690)
As at December 31, 2017	183,431	194,071	377,502
Carrying amounts			
As at December 31, 2016	77,123	228,680	305,803
As at December 31, 2017	42,178	123,116	165,294

5. Trade and other receivables

in S$

Particulars	As at December 31,	
	2017	2016
Trade receivables — third parties	821,146	879,680
Accrued receivables	261,228	375,895
Amount due from holding company (trade)	465,303	–
Amounts due from related companies (trade)	2,370,254	1,148,472
Deposit	105,099	108,365
Other receivables	19,286	17,417
Loans and receivables	4,042,316	2,529,829
Prepayments	47,072	48,646
	4,089,388	2,578,475

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 S$

Particulars	As at December 31, 2017	As at December 31, 2016
Not past due	1,085,429	2,428,169
Past due 1 – 30 days	956,168	19,011
Past due 31 – 60 days	242,202	18,269
Past due more than 61 days	1,758,517	64,380
	4,042,316	2,529,829

6. Cash and cash equivalents

in S$

Particulars	As at December 31, 2017	As at December 31, 2016
Cash at bank and in hand	264,284	320,515

7. Share capital

in S$

Particulars	2017		2016	
	No. of	S$	No. of	S$
shares				
shares				
Fully paid ordinary shares, with no par value :				10
As at January 1, and December 31	10,990,000	10,990,000	10,990,000	10,990,000

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 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 S$

Particulars	As at December 31, 2017	As at December 31, 2016
Trade payables – third parties	13,073	58,239
Amount due to holding company (trade)	178,471	455,045
Amounts due to related companies (trade)	495,844	212,136
Accrued expenses	1,245,959	1,748,704
Compensated absences	421,961	351,518
Provision for tax	271,168	379,514
Other payables	51,045	66,364
	2,677,521	3,271,520

9. Loan from related company

in S$

Particulars	As at December 31, 2017	As at December 31, 2016
Loan from Infosys Consulting Holding AG	1,861,343	211,902

Loan from related company is unsecured, bears an interest of 2.25% (2016 : 3.25%) per annum and repayable on demand.

10. Revenue

in S$

Particulars	As at December 31,	
	2017	2016
Rendering services to third parties	3,383,794	3,880,090
Rendering services to holding company	9,947,560	8,612,766
Rendering services to related companies	1,157,222	3,391,644
	14,488,576	15,884,500

11. Employee benefit expenses

in S$

Particulars	As at December 31,	
	2017	2016
Delivery staff cost	9,156,350	10,354,184
Back office cost	806,154	667,872
Director's remuneration	632,739	835,875
	10,595,243	11,857,931

12. Profit / (loss) before tax

The following items have been included in arriving at profit / (loss) before tax:

in S$

Particulars	As at December 31,	
	2017	2016
Exchange loss – net	77,081	62,994
Operating lease expense	413,820	379,335
Staff costs included in delivery staff cost	8,904,348	10,028,973
Contributions to defined contribution plans included in delivery staff cost	252,002	325,211
Contributions to defined contribution plans included in back office cost	71,036	73,273

13. Tax / (credit) expense

in S$

Particulars	As at December 31,	
	2017	2016
Tax / (credit) expense		
Foreign taxation	(108,346)	293,696
	(108,346)	293,696
Reconciliation of effective tax rate	2017	2016
Profit / (loss) before tax	150,385	(2,522,598)
Tax calculated using Singapore tax rate of 17%	25,565	(428,841)
Non-deductible expenses	17,636	67,747
(Utilization of) deferred tax not recognized	(43,201)	361,094
Excess provision in prior years	(108,346)	–
Foreign taxation	–	293,696
Tax / (credit) expense	(108,346)	293,696

The Company has unutilized tax losses carry forwards available for offsetting against future taxable income as follows:

in S$

Particulars	Tax losses	Unutilized capital allowances	Total
As at January 1, 2016	7,279,268	380,658	7,659,926
Arising (utilized) during the year	2,275,106	–	2,275,106
As at December 31, 2016	9,554,374	380,658	9,935,032
Arising (utilized) during the year	(254,124)	–	(254,124)
As at December 31, 2017	9,300,250	380,658	9,680,908

in S$

Particulars	2017	2016
	S$	S$
Deferred tax benefit on above unrecorded at 17%	1,645,754	1,688,955

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.

14. 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 S$

Particulars	As at December 31,	
	2017	2016
Short-term employee benefits	632,739	835,875

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 S$

Particulars	As at December 31,	
	2017	2016
Related parties		
Management fee income	(732,765)	(742,723)
Services rendered	(11,104,782)	(12,004,410)
Management fee expense	190,206	195,062
Loan interest expense	30,991	246,972
Intercompany contractor expense	498,779	1,758,227

15. Commitments

Non-cancellable operating leases rentals are payable as follows:

in S$

Particulars	As at December 31,	
	2017	2016
Within 1 year	413,820	413,820
Between 2-5 years	34,485	448,305
	448,305	862,125

The Company leases an office premise under operating lease which has a remaining non-cancellable lease term of 13 months.

16. 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.

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 related company, Infosys Consulting Holding AG, 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 S$

Particulars	Carrying amount	Contractual cash flow	Less than a year 2017
2017			
Non-derivative financial liability			
Trade and other payables	4,538,864	(4,580,744)	(4,580,744)
2016			
Non-derivative financial liability			
Trade and other payables	3,483,422	(3,490,309)	(3,490,309)

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 optimizing the return on risk.

(a) Interest rate risk

The Company is not exposed to significant interest rate risk.

(b) 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 :

Particulars	USD	RMB	EUR	CHF
	S$	S$	S$	S$
2017				
Trade and other receivables	685,262	–	–	14,092
Cash and cash equivalents	201,417	–	–	–
Trade and other payables	(4,245)	(468,063)	(24,263)	–
	882,434	(468,063)	(24,263)	14,092
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)	–
	984,190	(182,103)	4,393	45,103

Sensitivity analysis

A 5% strengthening of Singapore Dollar against the following currencies at the reporting date would increase (decrease) profit (loss) before tax by the amounts shown below. The analysis assumed that all other variables, in particular foreign currency rates, remain constant.

in S$

Particulars	Profit / (loss) before tax	
	2017	2016
USD	44,122	49,209
RMB	(23,403)	(9,105)
EUR	(1,325)	220
CHF	705	2,255

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 S$

Particulars	Note	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
December 31, 2017					
Trade and other receivables (excluding prepayments)	5	4,042,316	–	4,042,316	4,042,316
Cash and cash equivalents	6	264,284	–	264,284	264,284
		4,306,600	–	4,306,600	4,306,600
Trade and other payables	8	–	(4,538,864)	(4,538,864)	(4,538,864)
December 31, 2016					
Trade and other receivables (excluding prepayment)	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)

17 Events after the reporting period

In January 2018, the Company purchased 100% shares of a Limited Liability Company incorporated in Dubai Clusters Authority, Dubai, United Arab Emirates under the name CMA System FZ-LLC for an amount of US$ 1. CMA System FZ-LLC subsequently changed its name to Infosys Middle East FZ – LLC.

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INFY CONSULTING B.V.

Independent Auditors' Report

To the Members of Infy Consulting B.V.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Infy Consulting B.V. ('the Company'), which comprises the Balance Sheet as at December 31, 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 ('Ind AS financial statements')

Management's Responsibility for the 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 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 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 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 auditors' 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 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particular	Note	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	21,06,627	32,07,545
Financial assets			
Loans	2.2	23,92,83,891	13,72,13,194
Income tax assets net	2.13	2,21,50,346	–
Total non-current assets		26,35,40,864	14,04,20,739
Current assets			
Financial assets			
Trade receivables	2.4	8,71,04,867	13,68,51,176
Cash and cash equivalents	2.5	9,59,92,728	15,21,60,045
Loans	2.2	25,15,041	11,43,446
Other financial assets	2.3	1,47,61,490	4,03,36,323
Other current assets	2.6	1,14,78,705	3,90,45,114
Total current assets		21,18,52,831	36,95,36,104
Total assets		47,53,93,695	50,99,56,843
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	53,27,009	53,27,009
Other equity		28,81,66,240	24,42,12,484
Total equity		29,34,93,249	24,95,39,493
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	4,24,62,711	5,56,73,443
Other financial liabilities	2.10	8,60,01,621	8,26,90,327
Other current liabilities	2.11	1,93,33,972	7,64,92,032
Provisions	2.12	96,695	–
Income tax liabilities, net	2.13	3,40,05,447	4,55,61,548
Total current liabilities		18,19,00,446	26,04,17,350
Total equity and liabilities		47,53,93,695	50,99,56,843

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 Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	Years ended December 31, 2017	2016
Revenue from operations	2.14	65,30,32,191	1,41,02,55,012
Other income, net	2.15	22,26,223	(83,65,501)
Total income		65,52,58,414	1,40,18,89,511
Expenses			
Employee benefit expenses	2.16	39,40,25,636	55,68,79,019
Cost of technical sub-contractors		8,92,62,792	42,84,85,877
Travel expenses		6,59,16,333	8,01,19,487
Cost of software packages and others	2.16	–	86,164
Communication expenses		1,24,47,994	1,02,16,455
Consultancy and professional charges		5,51,70,077	7,21,78,974
Depreciation expense	2.1	22,20,008	22,34,216
Finance cost		1,68,356	2,07,986
Other expenses	2.16	1,93,77,707	8,74,750
Total expenses		63,85,88,903	1,15,12,82,928
Profit before tax		1,66,69,511	25,06,06,583
Tax expense			
Current tax	2.13	(94,71,608)	6,37,00,295
Deferred tax	2.13	–	–
Profit for the year		2,61,41,119	18,69,06,288
Other comprehensive income / (loss)			
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		1,78,12,637	(86,08,293)
Total other comprehensive income / (loss), net of tax		1,78,12,637	(86,08,293)
Total comprehensive income for the period		4,39,53,756	17,82,97,995
Earnings per equity share			
Equity shares of par value Eur 5 / - each			
Basic and diluted (₹)		1,452	10,384
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 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 Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Bengaluru
January 9, 2018

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, 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 year	–	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
Changes in equity for the year ended December 31, 2017				
Currency translation	–	–	1,78,12,637	1,78,12,637
Profit for the year	–	2,61,41,119	–	2,61,41,119
Balance as of December 31, 2017	53,27,009	27,75,69,550	1,05,96,690	29,34,93,249

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 Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flows from operating activities		
Profit for the year	2,61,41,119	18,69,06,288
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	22,20,008	22,34,216
Income tax expense	(94,71,608)	6,37,00,295
(Reversal) / allowance for credit losses on financial assets	(2,02,023)	(75,89,108)
Finance cost	1,68,356	2,07,986
Interest and dividend income	(25,98,099)	(5,85,826)
Other adjustments	95,225	5,51,945
Exchange differences on translation of assets and liabilities	1,76,32,800	(88,33,489)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	4,99,48,332	7,17,64,269
Loans and other financial assets and other assets	5,31,41,242	11,86,96,843
Trade payables	(1,32,10,732)	(2,43,28,800)
Other financial liabilities, other liabilities and provisions	(5,38,46,766)	(7,02,45,613)
Cash generated from operations	7,00,17,854	33,24,79,006
Income taxes paid	(2,42,34,839)	(4,40,59,004)
Net cash generated by operating activities	4,57,83,015	28,84,20,002
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(9,37,783)	(28,51,358)
Loan to parent company	(10,38,78,907)	(12,59,31,248)
Loans to employees	4,36,615	(1,10,07,456)
Interest and dividend received on investments	25,98,099	5,85,826
Net cash used in investing activities	(10,17,81,976)	(13,92,04,236)
Cash flow from financing activities		
Repayment of borrowings, net of interest	–	(4,18,05,343)
Finance cost	(1,68,356)	–
Net cash used in financing activities	(1,68,356)	(4,18,05,343)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	2,25,232
Net (decrease) / increase in cash and cash equivalents	(5,61,67,317)	10,74,10,423
Cash and cash equivalents at the beginning of the year	15,21,60,045	4,45,24,390
Cash and cash equivalents at the end of the year	9,59,92,728	15,21,60,045

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 Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Bengaluru
January 9, 2018

Significant accounting policies

Company overview

Infy 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 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 relevant amendment rules issued thereafter.

Effective January 1, 2016, the Company has adopted all the Ind AS 101, First-Time Adoption of Indian Accounting Standards with January 1, 2015 as the transition date. 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 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 net of indirect taxes.

Rendering of services

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

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

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 :

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

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 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.

1.11 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 recognised 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.

1.13 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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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. 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 recognised as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	52,950	73,15,859	5,49,410	79,18,219
Additions	–	9,38,195	–	9,38,195
Deletions	–	(412)	–	(412)
Translation difference	3,598	5,46,024	37,338	5,86,960
Gross carrying value as of December 31, 2017	56,548	87,99,666	5,86,748	94,42,962
Accumulated depreciation as of January 1, 2017	52,950	41,08,314	5,49,410	47,10,674
Depreciation	–	22,20,008	–	22,20,008
Translation difference	3,598	3,64,717	37,338	4,05,653
Accumulated depreciation as of December 31, 2017	56,548	66,93,039	5,86,748	73,36,335
Carrying value as of January 1, 2017	–	32,07,545	–	32,07,545
Carrying value as of December 31, 2017	–	21,06,627	–	21,06,627

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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 January 1, 2016	–	24,66,046	–	25,90,439
Carrying value as of December 31, 2016	–	32,07,545	1,24,393	32,07,545

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Non-current		
Unsecured, considered good		
Other loans		
Loans to employees	94,73,736	1,12,81,946
Unsecured, considered doubtful		
Loan to parent company	22,98,10,155	12,59,31,248
	23,92,83,891	13,72,13,194
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	25,15,041	11,43,446
	25,15,041	11,43,446
Total loans	24,17,98,932	13,83,56,640

2.3 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unbilled revenues[1]	1,19,55,779	4,03,36,323
Others [2]	28,05,711	–
Total	1,47,61,490	4,03,36,323
[1] Financial assets carried at amortized cost	1,47,61,490	4,03,36,323
[2] Includes dues from related party (Refer to Note no. 2.17)	5,46,247	–

2.4 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	8,71,04,867	13,68,51,176
Considered doubtful	99,049	4,04,190
	8,72,03,916	13,72,55,366
Less : Allowances for credit losses	(99,049)	(4,04,190)
	8,71,04,867	13,68,51,176
[(1)] Includes dues from related parties (Refer to Note no.2.17)	5,68,24,932	6,03,77,809

2.5 Cash and Cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	9,59,92,728	15,21,60,045
Total	9,59,92,728	15,21,60,045

2.6 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	64,320	1,24,625
Withholding taxes and others	1,14,14,385	3,89,20,489
Total	1,14,78,705	3,90,45,114

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows :

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.5)	9,59,92,728	15,21,60,045
Trade receivables (Refer to Note 2.4)	8,71,04,867	13,68,51,176
Loans (Refer to Note 2.2)	24,17,98,932	13,83,56,640
Other financial assets (Refer to Note 2.3)	1,47,61,490	4,03,36,323
Total	43,96,58,017	46,77,04,184
Liabilities		
Trade payables (Refer to Note 2.9)	4,24,62,711	5,56,73,443
Other financial liabilities (Refer to Note no.2.10)	6,86,85,830	5,99,82,043
Total	11,11,48,541	11,56,55,486

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates 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 ₹8,71,04,867 and ₹13,68,51,176 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to ₹1,19,55,779 and ₹4,03,36,323 as of December 31, 2017 and December 31, 2016, 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the years ended December 31, 2017 and December 31, 2016 was ₹4,49,854 and ₹75,89,108 respectively.

in ₹

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	6,02,248	80,51,175
Impairment loss recognized / reversed	(4,49,854)	(75,89,108)
Translation differences	68	1,40,181
Balance at the end	1,52,462	6,02,248

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 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

As of December 31, 2017, the Company had a working capital of ₹2,99,52,385 including cash and cash equivalents of ₹9,59,92,728. 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.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
18,000 (18,000) equity shares of EUR 5 / - par value	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
(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

The details of shareholders holding more than 5% shares are as follows:

in ₹, except as otherwise stated

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	18,000	100.00	18,000	100.00

There is no movement in the number of shares during the reporting period ended December 31, 2017.

2.9 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	4,24,62,711	5,56,73,443
Total trade payables	4,24,62,711	5,56,73,443
[1] Includes dues to related parties (Refer to Note no.2.17)	2,66,60,184	4,83,12,445

2.10 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	2,77,32,780	2,85,41,604
Accrued expenses [1]	1,18,41,679	2,48,97,002
Compensated absences	1,73,15,791	2,27,08,284
Other payables [2]	2,91,11,371	65,43,437
Total financial liabilities	8,60,01,621	8,26,90,327
Financial liability carried at amortized cost	6,86,85,830	5,99,82,043
[1] Includes dues to related party (Refer to Note 2.17)	1,60,790	1,20,08,776
[2] Includes dues to related parties (Refer to Note 2.17)	2,91,11,371	61,49,700

2.11 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Unearned revenue	71,18,767	68,79,368
Others		
Withholding taxes and others	1,22,15,205	6,96,12,664
Total other liabilities	1,93,33,972	7,64,92,032

2.12 Provisions

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Post-sales client support	96,695	–
Total provisions	96,695	–

2.13 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	(94,71,608)	6,37,00,295
Income tax expense	(94,71,608)	6,37,00,295

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	Years ended December 31,	
	2017	2016
Profit before income tax	1,66,69,511	25,06,06,583
Enacted tax rates in Netherlands (%)	25.00%	25.00%
Computed expected tax expense	41,67,378	6,26,51,646
Overseas taxes	(1,36,45,595)	10,62,102
Others	6,609	(13,453)
Income tax expense	(94,71,608)	6,37,00,295

The applicable Netherlands statutory tax rate for fiscals 2017 and 2016 is 25 %.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income tax assets	2,21,50,346	–
Current income tax liabilities	3,40,05,447	4,55,61,548
Net current income tax assets / (liability) at the end	(1,18,55,101)	(4,55,61,548)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(4,55,61,548)	(2,59,20,257)
Income tax paid	2,42,34,839	4,40,59,004
Current income tax expense (Refer to Note2.13)	94,71,608	(6,37,00,295)
Net current income tax asset / (liability) at the end	(1,18,55,101)	(4,55,61,548)

2.14 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from consultancy services	65,30,32,191	1,41,02,55,012
	65,30,32,191	1,41,02,55,012

2.15 Other income

in ₹

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets, carried at amortized cost		
Deposits with banks and others	25,98,099	5,85,826
Exchange gains / (losses) on translation of other assets and liabilities	(3,71,876)	(89,51,327)
	22,26,223	(83,65,501)

2.16 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	39,16,28,379	55,36,03,733
Staff welfare	23,97,257	32,75,286
	39,40,25,636	55,68,79,019
Cost of software packages and others		
For own use	–	86,164
	–	86,164

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Power and fuel	85,783	18,983
Brand and marketing	20,72,844	14,82,018
Operating lease payments	89,08,325	25,25,399
Rates and taxes	27,09,077	1,49,829
Repairs and maintenance	45,14,204	12,90,136
Insurance	4,00,993	3,27,649
Provision for post-sales client support	95,225	(420)
(Reversal) / Allowances for credit losses on financial assets	(2,02,023)	(75,89,108)
Others	7,93,279	26,70,264
	1,93,77,707	8,74,750

2.17 Related party transactions

List of holding companies

Name of the holding Company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the ultimate holding Company	Country
Infosys Limited [1]	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [1]	US
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [1][2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada

Name of the subsidiary	Country
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys

(2) Incorporated effective November 20, 2017

(3) Wholly-owned subsidiary of Infosys Public Services, Inc.

(4) Liquidated effective May 9, 2017

(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Liquidated effective December 21, 2016

(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

(9) Liquidated effective October 5, 2016

(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(11) Wholly-owned subsidiary of Panaya Inc.

(12) Liquidated effective November 16, 2016

(13) Liquidated effective November 9, 2017

(14) Wholly-owned subsidiary of Noah

(15) Liquidated effective December 20, 2017

(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(18) Majority-owned and controlled subsidiaries of Infosys

(19) Under liquidation

Name of associate	Country
DWA Nova LLC(1)	US

(1) Associate of Infosys Nova Holdings LLC.Subsequently, DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	8,58,619
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	22,96,896	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	47,86,638	–
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	3,53,94,314	3,33,58,046
Infosys Consulting Belgium (formerly Lodestone Management Consultants (Belgium) S.A.)	1,43,47,084	–
	5,68,24,932	3,42,16,665
Other financial assets		
Infosys Limited	5,46,247	–
	5,46,247	–
Trade payables		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	2,60,74,410	65,35,826
Lodestone Management Consultants Inc.	–	10,54,549
Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.)	–	7,18,217
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	5,85,774	36,64,340
Infosys Consulting Belgium (formerly Lodestone Management Consultants (Belgium) S.A.)	–	3,23,44,345
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	–	19,72,733
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd.)	–	20,22,435
	2,66,60,184	4,83,12,445
Other financial liabilities		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	5,06,858	–
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	8,23,386	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	1,38,137	–
Infosys Limited	2,76,42,990	61,49,700

Particulars	As at December 31	
	2017	2016
	2,91,11,371	61,49,700
Accrued expenses		
Infosys Limited	1,60,790	5,44,406
Infosys Poland Sp z.o.o (formerly Infosys BPO (Poland) Sp z.o.o)	–	1,14,64,370
	1,60,790	1,20,08,776

in ₹

Particulars	For the year ended December 31	
	2017	2016
Capital transactions		
Financing transactions		
Loans given		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	22,98,10,155	12,59,31,248
	22,98,10,155	12,59,31,248
Loans taken / (repaid)		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	–	(4,15,97,357)
	–	(4,15,97,357)
Revenue transactions		
Purchase of services		
Infosys Consulting Belgium (formerly Lodestone Management Consultants (Belgium) S.A.)	1,27,62,834	18,64,77,085
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	3,24,83,709	1,04,69,861
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	1,34,45,987
Lodestone Management Consultants Sp. z.o.o.	–	6,71,216
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	–	8,03,59,117
EdgeVerve Systems Limited (EdgeVerve)	1,50,077	–
Infosys Poland Sp z.o.o (formerly Infosys BPO (Poland) Sp z.o.o)	1,16,474	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	43,00,714	80,52,764
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	11,34,275	3,65,62,192
	5,09,48,083	33,60,38,222
Interest income		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	25,98,099	5,85,826
	25,98,099	5,85,826
Sale of services		
Infosys Consulting Belgium (formerly Lodestone Management Consultants (Belgium) S.A.)	–	2,21,43,498
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	45,26,897	1,55,59,858
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	2,86,99,687	1,19,16,910
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	33,71,83,944	56,33,05,340
Lodestone Management Consultants Inc	–	53,99,780
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	58,25,284
Infosys Consulting Sp. z.o.o.	26,83,610	36,72,584
	37,30,94,138	62,78,23,254
Interest expense		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	2,07,986
	–	2,07,986

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 the 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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SKAVA SYSTEMS PVT. LTD.

Independent Auditors' Report

To the members of Skava Systems Pvt. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Skava Systems Pvt. Ltd. ('the Company'), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity, and the Statements of Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Managements' 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditors' responsibility

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

In conducting 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 and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, Statement of Change in Equity, and the Statements of Cash Flow dealt with by this Report are in agreement with the books of account.

d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order..

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/W-100018)

Gurvinder Singh
Partner
Membership number : 110128)

Bengaluru
May 16, 2018

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements' responsibility for internal financial controls

The Board of Directors of the Company 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. 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, 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 internal financial controls over financial reporting of the Company 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') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/W-100018)

Gurvinder Singh
Partner
Membership number : 110128)

Bengaluru
May 16, 2018

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of the Company's fixed assets:

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

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the order is not applicable.

ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under Clause 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.

iv. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable to the Company.

v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory taxes and duties as on March 31, 2018 on account of disputes.

viii. The Company has not taken any loans or borrowings from any financial institution, banks, government or has not issued any debentures. Hence, reporting under Clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company. .

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/W-100018

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
May 16, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,91,34,552	3,68,08,992
Capital work-in-progress		3,53,95,964	1,39,35,034
Financial assets			
Other financial assets	2.4	1,11,19,096	74,29,601
Deferred tax assets, net	2.13	6,48,81,793	–
Income tax assets, net	2.13	58,38,584	39,63,163
Total non-current assets		14,63,69,989	6,21,36,790
Current assets			
Financial assets			
Investments	2.2	4,54,88,602	17,87,33,029
Trade receivables	2.5	22,79,08,873	11,56,31,862
Cash and cash equivalents	2.6	1,75,99,886	1,52,38,850
Loans	2.3	42,45,742	22,27,519
Other financial assets	2.4	79,094	31,115
Other current assets	2.7	27,70,143	9,63,386
Total current assets		29,80,92,340	31,28,25,761
Total assets		44,44,62,329	37,49,62,551
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	250,000	2,50,000
Other equity		38,17,35,246	23,15,66,119
Total equity		38,19,85,246	23,18,16,119
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.11	83,11,409	34,38,777
Other financial liabilities	2.10	3,07,29,292	11,60,86,965
Other current liabilities	2.12	2,34,36,382	2,36,20,690
Total current liabilities		6,24,77,083	14,31,46,432
Total equity and liabilities		44,44,62,329	37,49,62,551

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number: 117366W/W-100018

for and on behalf of the Board of Directors of
Skava Systems Pvt. Ltd.

Gurvinder Singh
Partner
Membership number: 110128

Director

Director

Bengaluru
May 16, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue from operations	2.14	56,77,41,231	56,18,84,656
Other income, net	2.15	1,20,69,949	1,28,88,708
Total income		57,98,11,180	57,47,73,364
Expenses			
Employee benefit expenses	2.16	39,99,87,483	39,45,50,204
Travel expenses		89,24,383	1,25,86,807
Cost of software packages and others	2.16	7,44,897	–
Communication expenses		39,52,375	33,52,080
Consultancy and professional charges		38,81,556	11,50,391
Depreciation expenses	2.1	1,70,30,437	2,25,85,320
Other expenses	2.16	4,05,79,882	3,71,45,432
Total expenses		47,51,01,013	47,13,70,234
Profit before tax		10,47,10,167	10,34,03,130
Tax expense			
Current tax	2.13	2,04,97,247	2,21,03,298
Deferred tax	2.13	(64,8,81,793)	–
Profit for the year		14,90,94,713	8,12,99,832
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		10,74,414	(29,21,582)
Total other comprehensive income, net of tax		10,74,414	(29,21,582)
Total comprehensive income for the year		15,01,69,127	7,83,78,250
Earnings per equity share			
Equity shares of par value ₹10/- each			
Basic (₹)		5964	3252
Diluted (₹)		5964	3252
Weighted average equity shares used in computing earnings per equity share			
Basic		25,000	25,000
Diluted		25,000	25,000

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number: 117366W/W-100018

Gurvinder Singh
Partner
Membership number: 110128

for and on behalf of the Board of Directors of
Skava Systems Pvt. Ltd.

Director *Director*

Bengaluru
May 16, 2018

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, 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 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
Changes in equity for the year ended March 31, 2018				
Remeasurement of net defined benefit liability / asset, net of tax effect			10,74,414	10,74,414
Profit for the year	–	14,90,94,713	–	14,90,94,713
Balance as of March 31, 2018	2,50,000	38,46,41,380	(29,06,134)	38,19,85,246

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number: 117366W/W-100018

for and on behalf of the Board of Directors of
Skava Systems Pvt. Ltd.

Gurvinder Singh
Partner
Membership number: 110128

Director

Director

Bengaluru
May 16, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended March 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	14,90,94,713	81,299,832
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	1,70,30,437	2,25,85,320
Income tax expense	(4,43,84,546)	2,21,03,298
Interest income	(43,922)	(45,327)
(Gain) / loss on investments carried at fair value through profit or loss	(1,03,44,257)	(1,26,39,598)
(Profit) / loss on sale of assets	14,36,572	(25,800)
Changes in assets and liabilities		
Trade receivables	(11,22,77,011)	(11,56,31,862)
Loans and other financial assets and other assets	(75,63,370)	(8,74,044)
Trade payables	48,72,632	26,59,050
Other financial liabilities, other liabilities and provisions	(7,14,02,879)	(57,87,497)
Cash generated from operations	(7,35,81,631)	(63,56,629)
Income taxes paid	(2,24,98,736)	(2,40,00,000)
Net cash generated by operating activities	(9,60,80,368)	(3,03,56,629)
Cash flow from investing activities		
Expenditure on property, plant and equipment, net of sale proceeds	(4,51,92,118)	(1,30,04,623)
Payments to acquire financial assets		
Liquid mutual fund	(29,27,90,000)	(44,09,00,000)
Proceeds on sale of financial assets		
Liquid mutual fund	43,63,78,684	48,52,00,000
Interest received on investments	44,839	45,327
Net cash generated by investing activities	9,84,41,404	3,13,40,704
Cash flow from financing activities		
Net cash generated by financing activities	–	–
Net decrease in cash and cash equivalents	23,61,036	9,84,076
Cash and cash equivalents at the beginning of the year	1,52,38,850	1,42,54,774
Cash and cash equivalents at the end of the year	1,75,99,886	1,52,38,850
Supplementary information:		
Restricted cash balance	6,23,052	–

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number: 117366W/W-100018

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
May 16, 2018

for and on behalf of the Board of Directors of
Skava Systems Pvt. Ltd.

Director *Director*

1. Company overview and significant accounting policies

1.1 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. The Company is an affiliate of Kallidus Inc. (US), 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 Limited acquired 100% voting rights in Kallidus Inc. (d.b.a Skava) and Skava Systems Pvt. Ltd., an affiliate of Kallidus Inc. by entering into a share purchase agreement.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standard (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 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 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, with April 1, 2015 as the transition date. 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.

Financial statements for the year ended March 31, 2017 were audited by previous auditors, BSR & Co. LLP.

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 polici sures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the 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 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 related parties

1.5 provisions and onerous contracts

a. 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.

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.

1.6 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:

Plant and machinery[(1)]	5 years
Office equipment	5 years
Computer equipment[(1)]	3–5 years
Furniture and fixtures[(1)]	5 years
Leasehold Improvements [(1)]	Over lease term

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 are 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 are 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 of 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, 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.

1.7.2 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 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.

b. 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 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.

1.9 Employee benefits

1.9.1 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.

1.9.2 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 contribution.

1.9.3 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.

1.10 Foreign currency

Functional currency

The functional currency of the Company is the Indian Rupee. 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.

1.11 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. 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.

1.12 Earnings per equity share

Basic earnings per equity share are 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 share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

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 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.

1.15 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.

1.16 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should 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. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach : Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach : Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The effective date for adoption of Ind AS 115 is the beginning of financial periods, which is on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2018 are as follows:

in ₹

Particulars	Leasehold Improvement	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2017	97,72,469	1,25,01,541	76,37,674	3,49,55,130	2,77,10,354	9,25,77,168
Additions	–	–	3,03,800	1,03,47,899	2,55,562	1,09,07,261
Deletions	–	(84,531)	(14,06,546)	(19,46,404)	(11,94,589)	(46,32,070)
Gross carrying value as of March 31, 2018	97,72,469	1,24,17,010	65,34,928	4,33,56,625	2,67,71,327	9,88,52,359
Accumulated depreciation as of April 1, 2017	47,77,743	70,47,646	42,59,559	2,59,74,468	1,37,08,760	5,57,68,176
Depreciation	15,04,940	19,34,877	11,19,953	69,14,435	55,56,232	1,70,30,437
Accumulated depreciation on deletions	–	(29,551)	(8,39,468)	(18,95,043)	(3,16,744)	(30,80,806)
Accumulated depreciation as of March 31, 2018	62,82,683	89,52,972	45,40,043	3,09,93,859	1,89,48,248	6,97,17,807
Carrying value as of March 31, 2018	34,89,786	34,64,038	19,94,885	1,23,62,766	78,23,079	2,91,34,552

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

in ₹

Particulars	Leasehold improvement	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/adjustment	(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/adjustment	(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

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.

In the previous year, the management also decided to change the depreciation methodlogy from written down value method to straight-line method which resulted in an impact of an additional depreciation charge of ₹3,397,513'

2.2 Investments

in ₹

Particulars	As at March 31	
	2018	2017
Current investments		
Unquoted investment carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.2.1)	4,54,88,602	17,87,33,029
Total Current investments	4,54,88,602	17,87,33,029
Market value of investments	4,54,88,602	17,87,33,029

2.2.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual funds is as follows:

in ₹

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Reliance Liquid Fund Cash Plan	–	–	28,306	7,43,09,311
Birla Sun Life Cash Manager - Growth - regular plan	1,08,940	4,54,88,602	2,66,264	10,44,23,718
	1,08,940	4,54,88,602	2,94,570	17,87,33,029

2.3 Loans

in ₹

Particulars	As at March 31	
	2018	2017
Current		
Other loans		
Loans and advances to employees	42,45,742	22,27,519
Total loans	42,45,742	22,27,519

2.4 Other financial assets

in ₹

Particulars	As at March 31	
	2018	2017
Non-current		
Rental deposits [1]	1,11,19,096	74,29,601
	1,11,19,096	74,29,601
Current		
Security deposits [1]	2,000	2,000
Interest accrued but not due [1]	22,738	23,655
Others [1] [2]	54,356	5,460
	79,094	31,115
Total	1,11,98,190	74,60,716
[1] Financial assets carried at amortized cost	1,11,98,190	74,60,716
[2] Includes dues from related parties (Refer to Note 2.19)	53,553	–

2.5 Trade receivables

in ₹

Particulars	As at March 31	
	2018	2017
Current		
Unsecured		
Considered good [1]	22,79,08,873	11,56,31,862
	22,79,08,873	11,56,31,862
[1] Includes dues from related parties (Refer to Note 2.19)	22,79,08,873	11,56,31,862

2.6 Cash and ash equivalents

in ₹

Particulars	As at March 31	
	2018	2017
Balances with banks		
In current and deposit accounts[1]	1,75,64,729	1,51,10,876
Cash on hand	35,157	1,27,974
	1,75,99,886	1,52,38,850

[1] Cash and Cash equivalents as at March 31, 2018 include restricted cash and bank balances of ₹6,23,052 . The restrictions are primarily on account of Lien marked against the deposit accounts with financial institution against corporate credit cards.

2.7 Other assets

in ₹

Particulars	As at March 31	
	2018	2017
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	–	3,69,879
Others		
Prepaid expenses	17,35,135	3,10,906
Withholding taxes and others	10,35,008	2,82,601
Total other assets	27,70,143	9,63,386

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 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 2.6)	1,75,99,886	–	–	1,75,99,886	1,75,99,886
Liquid mutual fund units (Refer to Note 2.2)	–		4,54,88,602	4,54,88,602	4,54,88,602
Trade receivables (Refer to Note 2.5)	22,79,08,873	–	–	22,79,08,873	22,79,08,873
Loan (Refer to Note 2.3)	42,45,742	–	–	42,45,742	42,45,742
Other financial assets (Refer to Note 2.4)	1,11,98,190	–	–	1,11,98,190	1,11,98,190
Total	26,09,52,691	–	4,54,88,602	30,64,41,293	30,64,41,293
Liabilities					
Trade payables (Refer to Note 2.11)	83,11,409	–	–	83,11,409	83,11,409
Other financial liabilities (Refer to Note 2.10)	2,44,24,364	–	–	2,44,24,364	2,44,24,364
Total	3,27,35,773	–	–	3,27,35,773	3,27,35,773

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 Note 2.6)	1,52,38,850	–	–	1,52,38,850	1,52,38,850
Liquid mutual fund units (Refer to Note 2.2)	–	–	17,87,33,029	17,87,33,029	17,87,33,029
Trade receivables (Refer Note 2.5)	11,56,31,862	–	–	11,56,31,862	11,56,31,862
Loan (Refer to Note 2.3)	22,27,519	–	–	22,27,519	22,27,519
Other financial assets (Refer Note 2.4)	31,115	–	–	31,115	31,115
Total	13,31,29,346	–	17,87,33,029	31,18,62,375	31,18,62,375
Liabilities:					
Trade payables (Refer Note 2.11)	34,38,777	–	–	34,38,777	34,38,777
Other financial liabilities (Refer Note 2.10)	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

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 fair value hierarchy of assets and liabilities measured at fair value on a recurring basis are as follows:

(in ₹)

Particulars	As of March 31, 2018	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 Note 2.2.1)	4,54,88,602	4,54,88,602	–	–

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis are as follows:

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 Note 2.2.1)	17,87,33,029	17,87,33,029	–	–

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: Market 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.

Market risk

A major portion of the business is transacted in US Dollars and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States.

The analysis of foreign currency risk from financial instruments are as follows:

in ₹

Particulars	As at March 31,			
	2018		2017	
	US$	Total	US$	Total
Accounts receivable	22,79,08,873	22,79,08,873	11,56,31,862	11,56,31,862
Bonus to employees	–	–	(6,99,06,025)	(6,99,06,025)

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 ₹22,79,08,873 and ₹1,16,31,862 as of March 31, 2018 and March 31, 2017 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.

Liquidity risk

As of March 31, 2018, the Company had a working capital of ₹23,56,15,257 including cash and cash equivalents of ₹1,75,99,886 and current investments of ₹4,54,88,602. As of March 31, 2017, the Company had a working capital of ₹16,96,79,329 including cash and cash equivalents of ₹1,52,38,850 and current investments of ₹17,87,33,029.

As of March 31, 2018 and March 31, 2017, the outstanding compensated absences were ₹63,04,928 and ₹52,48,722, respectively.

2.9 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at March 31,	
	2018	2017
Authorized		
Equity shares, ₹10/- par value		
50,000 (50,000) equity shares	5,00,000	5,00,000
Issued, subscribed and paid up		
Equity shares, ₹10/- par value	2,50,000	2,50,000

Particulars	As at March 31,	
	2018	2017
25,000 (25,000) equity shares fully paid up		
	2,50,000	2,50,000

The details of shareholders holding more than 5% shares are as follows :

in ₹, except as stated otherwise

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited - holding company	25,000	100	25,000	100

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

2.10 Other financial liabilities

in ₹

Particulars	As at March 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees (1)	1,94,41,568	2,46,07,558
Bonus to employees	–	6,99,06,025
Accrued expenses (1)	49,82,796	33,42,651
Capital creditors (1)	–	1,29,38,619
Compensated absences	63,04,928	52,48,722
Other payables	–	43,390
	3,07,29,292	11,60,86,965
Total financial liabilities	3,07,29,292	11,60,86,965
(1) Financial liability carried at amortized cost	2,44,24,364	11,08,38,243

2.11 Trade payables

in ₹

Particulars	As at March 31,	
	2018	2017
Other than acceptances		
Total outstanding dues of Micro and small enterprises (Refer to Note 2.20)	2,31,030	–
Total outstanding dues of creditors other than Micro and small enterprises (1)	80,80,379	34,38,777
	83,11,409	34,38,777
(1) Includes dues to related parties (Refer to Note 2.19)	71,01,054	29,23,321

2.12 Other liabilities

in ₹

Particulars	As at March 31,	
	2018	2017
Current		
Others		
Accrued Gratuity	1,69,49,849	1,40,33,758
Withholding taxes and others	64,86,533	95,86,932
	2,34,36,382	2,36,20,690

2.13 Income taxes

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

in ₹

Particulars	Years ended March 31,	
	2018	2017
Current taxes	2,04,97,247	2,21,03,298
Deferred taxes	(6,48,81,793)	–
Income tax expense	(4,43,84,546)	2,21,03,298

The Company is under MAT for the year ending March 31, 2018 and March 31, 2017.

Current tax expense for the years ended March 31, 2018 and March 31, 2017 includes reversals (net of provisions) amounting to ₹ 18,53,040 and ₹ 6,45,404 respectively, pertaining to prior periods.

Entire deferred income tax for the years ended March 31, 2018 and March 31, 2017 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	Years ended March 31,	
	2018	2017
Profit before income tax	10,47,10,167	10,34,03,130
Enacted tax rates in India	33.063%	34.61%
Computed expected tax expense	3,46,20,323	3,57,85,755
Tax reversals	(18,53,040)	(6,45,404)
Deferred tax and MAT credit of earlier years	(5,01,54,183)	–
Effect of differential tax rates on account of MAT	–	(1,41,40,559)
Tax effect due to non-taxable income for Indian tax purposes	(2,46,96,115)	–

Particulars	Years ended March 31,	
	2018	2017
Effect of non-deductible expenses	4,59,094	–
Others	(27,60,625)	11,03,506
Income tax expense	(4,43,84,546)	2,21,03,298

The applicable Indian statutory tax rate for fiscal year 2018 is 33.063% and fiscal year 2017 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 details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	As at March 31,	
	2018	2017
Income tax assets	58,38,584	39,63,163
Net current income tax assets / (liability) at the end	58,38,584	39,63,163

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

	As at March 31,	
	2018	2017
Net current income tax asset at the beginning	39,63,163	20,66,461
Income tax paid, net of refund	2,24,98,736	2,40,00,000
Current income tax expense	(2,04,97,247)	(2,21,03,298)
Income tax on other comprehensive income	(1,26,068)	–
Net current income tax asset at the end	58,38,584	39,63,163

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,	
	2018	2017
Deferred income tax assets		
Property, plant and equipment	51,48,605	–
Gratuity and others assets	34,26,991	–
MAT Credit Entitlement	5,63,06,197	–
Total deferred income tax assets	6,48,81,793	–

The gross movement in the deferred income tax account as follows:

in ₹

Particulars	As at March 31,	
	2018	2017
Net deferred income tax asset at the beginning	–	(1,63,064)
Credits relating to temporary differences	6,48,81,793	1,63,064
Net deferred income tax asset at the end	6,48,81,793	–

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 (with effect from AY 2018-19, MATcredit can be carried forward upto fifteen 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. The Deferred income tax asset for MAT credit entitlement is ₹ 5,63,06,197 and ₹ Nil as on March 31, 2018 and March 31, 2017 respectively.

The credit relating to temporary differences during the year ended March 31, 2018 are primarily on account of MAT,property, plant and equipment and accrued compensation.

2.14 Revenue from operations

in ₹

Particulars	Years ended March 31,	
	2018	2017
Income from software development services	56,77,41,231	56,18,84,656
	56,77,41,231	56,18,84,656

2.15 Other income

in ₹

Particulars	Years ended March 31,	
	2018	2017
Interest received on financial assets Carried at amortized cost		
Deposits with banks and others	43,922	45,327
Gain / (loss) on investments carried at fair value through profit or loss	1,03,44,257	1,26,39,598
Exchange gains / (losses) on translation of other assets and liabilities	13,05,088	1,73,513
Miscellaneous income	3,76,682	30,270
	1,20,69,949	1,28,88,708

2.16 Expenses

in ₹

Particulars	Years ended March 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	37,43,63,261	37,46,82,479
Contribution to provident and other funds	1,53,92,646	1,13,54,965
Staff welfare	1,02,31,576	85,12,760
	39,99,87,483	39,45,50,204
Cost of software packages and others		
For own use	7,44,897	–
	7,44,897	–
Other expenses		
Power and fuel	77,91,090	67,18,582
Operating lease payments (Refer to Note 2.17)	2,18,73,696	2,19,17,326
Rates and taxes	18,743	29,086
Repairs and maintenance	48,17,061	35,48,968
Consumables	18,90,442	22,67,209
Insurance	2,54,821	6,06,009
Auditors' remuneration		
Statutory audit fees	7,00,000	9,62,529
Contributions towards corporate social responsibility	13,72,300	9,30,000
Loss on sale of fixed assets	14,36,572	–
Others	4,25,157	1,65,723
	4,05,79,882	3,71,45,432

Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are education of underprivileged children and infrastructure for psychiatric patient's 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 ₹ 13,72,300

b) The details of the amounts spent during the year on CSR activities are as follows:

Sl No	Particulars	In Cash	Yet to paid in Cash	Total
(i)	Construction / acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	13,72,300	–	13,72,300

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Years ended March 31,	
	2018	2017
Lease rentals recognized during the period	2,18,73,696	2,19,17,326

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,	
	2018	2017
Not later than 1 year	2,15,79,936	1,71,82,910
Later than 1 year and not later than 5 years	7,08,22,357	2,71,54,933
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.

2.18 Employee benefits

a. Gratuity

The status of the gratuity plans and the amounts recognized in the Company's financial statements is as follows:

in ₹

Particulars	As at March 31	
	2018	2017
Change in benefit obligations		
Benefit obligations at the beginning	1,40,33,758	90,72,540
Service cost	37,24,985	23,32,912
Net interest on the net defined benefit liability / asset	9,49,095	–
Remeasurements actuarial (gains) / losses	(12,00,482)	29,21,582
Benefits paid	(5,57,507)	(2,93,276)
Benefit obligations at the end	1,69,49,849	1,40,33,758

Amount recognized in the Statement of Profit and Loss under employee benefit expenses is as follows:

in ₹

Particulars	Years ended March 31,	
	2018	2017
Service cost	37,24,985	23,32,912
Net interest on the net defined benefit liability / asset	9,49,095	–
Net gratuity cost	46,74,080	23,32,912

Amount recognized in statement of other comprehensive income is as follows:

in ₹

Particulars	Years ended March 31,	
	2018	2017
Actuarial (gains) / losses	(12,00,482)	29,21,582
	(12,00,482)	29,21,582

in ₹

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	(15,77,505)	17,56,532
	(15,77,505)	17,56,532

The weighted-average assumptions used to determine benefit obligations are as follows:

Particulars	As at March 31,	
	2018	2017
Discount rate	6.90%	6.90%
Weighted average rate of increase in compensation levels	5.0%	5.0%

The weighted-average assumptions used to determine net periodic benefit cost are as follows:

Particulars	Years ended March 31,	
	2018	2017
Discount rate	7.5%	7.80%
Weighted average rate of increase in compensation levels	5.0%	5.00%
Weighted average duration of defined benefit obligation	6.1 Years	6.1 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, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹24,88,045.

As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹23,30,500.

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.

The maturity profile of defined benefit obligation is as follows:

in ₹

Within 1 year	6,10,790
1-2 years	7,74,066
2-3 years	10,27,398
3-4 years	13,91,353
4-5 years	18,62,652
5-10 years	1,37,54,873

b. Provident fund

The Company contributed ₹1,46,31,159 during the year ended March 31, 2018 (₹1,09,37,866 during the year ended March 31, 2017).

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.

2.19 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at March 31,	
		2018	2017
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of the subsidiary	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 Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Lodestone Management Consultants GmbH(1)	Austria
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(1)(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Ltd.(5)(6)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(7)	Czech Republic
Infosys Poland, Sp z.o.o(7)	Poland
Infosys McCamish Systems LLC (7)	US
Portland Group Pty Ltd(7)	Australia
Infosys BPO Americas LLC.(7)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(4)(8)	US
Infosys Management Consulting Pty Limited(8)	Australia
Infosys Consulting AG(8)	Switzerland
Infosys Consulting GmbH(8)	Germany
Infosys Consulting SAS(8)	France
Infosys Consulting s.r.o.(8)	Czech Republic
Lodestone Management Consultants Co., Ltd.(8)	China
Infy Consulting Company Ltd(8)	UK
Infy Consulting B.V.(8)	The Netherlands
Infosys Consulting Sp. z.o.o(8)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (8)	Portugal
S.C. Infosys Consulting S.R.L.(8)	Romania
Infosys Consulting S.R.L.(8)	Argentina
Lodestone GmbH(8)(9)	Switzerland
Lodestone Augmentis AG (10)(11)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(12)	Belgium
Infosys Consulting Ltda.(12)	Brazil
Panaya Inc. (Panaya)	US
Panaya Ltd.(13)	Israel
Panaya GmbH(13)	Germany
Panaya Japan Co. Ltd(4)(13)	Japan
Panaya Pty Ltd.(13)(14)	Australia
Noah Consulting LLC (Noah)(15)	US
Noah Information Management Consulting Inc. (Noah Canada)(16)(17)	Canada
Brilliant Basics Holdings Limited(18)	UK

Name of the subsidiary	Country
Brilliant Basics Limited[19]	UK
Brilliant Basics (MENA) DMCC[19]	Dubai
Infosys Consulting Pte Limited[1]	Singapore
Infosys Middle East FZ LLC[20]	Dubai

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys Public Services, Inc.
(6) Liquidated effective May 9, 2017
(7) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(8) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(9) Liquidated effective December 21, 2016
(10) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(11) Liquidated effective October 5, 2016
(12) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(13) Wholly-owned subsidiary of Panaya Inc.
(14) Liquidated effective November 16, 2016
(15) Liquidated effective November 9, 2017
(16) Wholly-owned subsidiary of Noah
(17) Liquidated effective December 20, 2017
(18) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer to Note
(19) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(20) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

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

in ₹

Particulars	As at March 31	
	2018	2017
Trade receivables		
Kallidus Inc.	22,79,08,873	11,56,31,862
	22,79,08,873	11,56,31,862
Other financial assets		
Infosys ltd	53,553	–
	53,553	–
Trade payables		
Infosys ltd	71,01,054	29,23,321
	71,01,054	29,23,321

The details of related parties transacions entered into by Company are as follows:

in ₹

Particulars	Years ended March 31,	
	2018	2017
Revenue transactions		
Sale of software development services		
Kallidus Inc.	56,77,41,231	56,18,84,656
Reimbursement of expenses and others		
Infosys Limited	35,17,733	35,83,321
	57,12,58,964	56,54,67,977

2.20 Disclosures in respect of micro and small enterprises:

The amount due as at 31st March, 2018 to suppliers under The Micro, Small and Medium Enterprises Development Act, requiring disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is ₹ 2,31,030 (Previous year ₹ NIL). The disclosures pursuant to the said Act is as follows:

Particulars	As at March 31	
	2018	2017
Principal amount remaining unpaid to any supplier at the end of the accounting year	2,31,030	–

Note: The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small' enterprises on the basis of information available with the Company.

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 the 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.

BRILLIANT BASICS LIMITED

Independent Auditors' Report

Opinion

We have audited the financial statements of Brilliant Basics Limited (the 'Company') for the year ended March 31, 2018, which comprise the Profit and Loss Account, the Balance Sheet, the statement of changes in equity and the notes, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2018 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

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.

Christopher Shepherd
Senior Statutory Auditor

for and on behalf of
Blick Rothenberg Audit LLP
16 Great Queen Street
Covent Garden
London
WC2B 5AH

May 8, 2018

Balance Sheet

in £

Particulars	Note no.	As at March 31,			
		2018		2017	
Fixed assets					
Tangible assets	10		81,996		60,381
Current assets					
Debtors: amounts falling due within one year	11	1,702,425		752,825	
Current asset investments	12	–		10,000	
Cash at bank and in hand	13	681,238		541,090	
		2,383,663		1,303,915	
Creditors: amounts falling due within one year	14	(3,112,178)		(1,301,851)	
Net current (liabilities) / assets			(728,515)		2,064
Net (liabilities) / assets			(646,519)		62,445
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		(646,619)		62,345
Total equity			(646,519)		62,445

The financial statements were approved and authorized for issue by the Board and were signed on its behalf by:

A.K. Verma
Director

May 8, 2018
The notes form part of these financial statements

Profit and Loss Account

in £

Particulars	Note no.	Years ended March 31,	
		2018	2017
Turnover	3	6,219,596	2,366,391
Cost of sales		(4,330,407)	(1,297,944)
Gross profit		1,889,189	1,068,447
Administrative expenses		(2,635,219)	(2,166,378)
Other operating income	4	16,272	56,286
Operating loss	5	(729,758)	(1,041,645)
Income from other fixed asset investments		14,390	–
Interest payable and similar expenses	8	(20,806)	(27,328)
Loss before taxation		(736,174)	(1,068,973)
Tax on loss	9	27,210	31,723
Loss for the financial year		(708,964)	(1,037,250)

There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no Statement of Other Comprehensive Income has been presented.

Statement of Changes in Equity

in £

Particulars	Called up share capital	Profit and loss account	Total equity
At April 1, 2016	100	1,099,595	1,099,695
Comprehensive income for the year			
Loss for the financial year	–	(1,037,250)	(1,037,250)
At April 1, 2017	100	62,345	62,445
Comprehensive income for the year			
Loss for the financial year	–	(708,964)	(708,964)
At March 31, 2018	100	(646,619)	(646,519)

Notes to the financial statements

1. General information

The principal activity of Brilliant Basics Limited is that of providing IT consultancy and design services.

The Company is a private company limited by shares and is incorporated in England. The address of its principal place of business is Unit D 2nd Floor, Zetland House, 5 – 25 Scrutton Street, London, EC2A 4HJ.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') 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:

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraph 11.39 to 11.48A (disclosure relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The Company is included in the consolidated financial statements of Infosys Limited for the year ended March 31, 2018 and these financial statements may be obtained from www.infosys.com.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Company has a deficiency on shareholders funds of £646,519 at the end of the year and had incurred a loss of £708,964 for the year. The directors consider this basis to be appropriate as they forecast that the Company will be profitable in the forthcoming year and will generate positive operating cash flows. This will ensure 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. In addition, the Company and its immediate parent undertaking, Brilliant Basics Holdings Limited, have received confirmation from the ultimate parent undertaking, Infosys Limited, that no requests for the payment of amounts owed to group undertakings will be made unless the companies have sufficient resources to meet those repayments. On this basis the directors are of the opinion that no material uncertainty in connection with adopting the going concern assumption exists.

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, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognized:

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 stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	20% on reducing balance
Fixtures and fittings	20% on reducing balance
Office equipment	20% on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Profit and Loss Account.

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 amortized cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, 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 amortized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the Profit and Loss Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in the Profit and Loss Account.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account except when deferred in Other Comprehensive Income as qualifying cash flow hedges.

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 and similar income' or 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'administrative expenses'.

2.9 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.

2.10 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognized on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 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.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 in the countries where the Company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is not recognized in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Turnover

An analysis of turnover by class of business is as follows:

in £

Particulars	Years ended March 31,	
	2018	2017
Provision of consultancy services	6,219,596	2,366,391

in £

Particulars	Years ended March 31,	
	2018	2017
Analysis of turnover by country of destination:		
United Kingdom	3,475,282	2,366,391
Rest of the world	2,744,314	–
	6,219,596	2,366,391

4. Other operating income

in £

Particulars	Years ended March 31,	
	2018	2017
Net rents receivable	16,272	56,286

5. Operating loss

in £

Particulars	Years ended March 31,	
	2018	2017
The operating loss is stated after charging		
Depreciation of tangible fixed assets	13,567	12,470
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,000	10,000
Exchange differences	63,665	30,427
Other operating lease rentals	131,824	165,703
Defined contribution pension cost	18,932	–

6. Employees

Staff costs, including directors' remuneration, were as follows:

in £

Particulars	Years ended March 31,	
	2018	2017
Wages and salaries	2,862,237	1,332,537
Employer's national insurance	349,949	153,200
Employer pension costs	18,932	–
	3,231,118	1,485,737

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

in £

Particulars	Years ended March 31,	
	2018	2017
	No.	No.
Employees	36	26

7. Directors' remuneration

in £

Particulars	Years ended March 31,	
	2018	2017
Directors' emoluments	257,441	100,000
Company contributions to defined contribution pension schemes	1,621	–
	259,062	100,000

The highest paid director accrued remuneration of £257,441 (2017: £100,000).

During the year retirement benefits were accruing to 1 director (2017: Nil) in respect of defined contribution pension schemes

8. Interest payable and similar expenses

in £

Particulars	Years ended March 31,	
	2018	2017
Bank interest payable	11,798	10,289
Other interest payable	9,008	17,039
	20,806	27,328

9. Taxation

in £

Particulars	Years ended March 31,	
	2018	2017
Corporation tax		
Current tax on loss for the financial year	(27,210)	(31,723)
Total current tax	(27,210)	(31,723)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 higher than) the standard rate of corporation tax in the UK of 19% (2017 20%). The differences are explained as follows ::

in £

Particulars	Years ended March 31,	
	2018	2017
Loss before taxation	(736,174)	(1,068,973)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017 20%)	(139,873)	(213,795)
Effects of:		
Unrelieved tax losses carried forward	112,663	182,072
Total tax charge for the financial year	(27,210)	(31,723)

Factors that may affect future tax charges

A reduction to 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	Plant and machinery	Fixtures and fittings	Office equipment	Total
Cost				
At April 1 , 2017	27,082	49,399	20,840	97,321
Additions	–	137	35,620	35,757
Disposals	–	–	(1,333)	(1,333)
At March 31, 2018	27,082	49,536	55,127	131,745
Depreciation				
At April 1 , 2017	9,378	21,006	6,556	36,940
Charge for the year	3,299	5,360	4,908	13,567
Disposals	–	–	(758)	(758)
At March 31, 2018	12,677	26,366	10,706	49,749
Net book value				
At March 31, 2018	14,405	23,170	44,421	81,996
At March 31, 2017	17,704	28,393	14,284	60,381

11. Debtors

in £

Particulars	As at March 31,	
	2018	2017
Trade debtors	533,211	446,050
Amounts owed by group undertakings	685,670	128,124
Other debtors	224,216	74,357
Prepayments and accrued income	259,328	104,294
	1,702,425	752,825

Amounts owed by group undertakings are interest free, have no fixed replacement date and are repayable on demand.

12. Current asset investments

in £

Particulars	As at March 31,	
	2018	2017
Other investments	–	10,000

13. Cash and cash equivalents

in £

	As at March 31,	
Particulars	2018	2017
Cash at bank and in hand	681,238	541,090

14. Creditors: amounts falling due within one year

in £

particulars	As at March 31,	
	2018	2017
Bank overdrafts	–	866,010
Trade creditors	685,635	288,008
Amounts owed to group undertakings	1,220,144	–
Other taxation and social security	129,312	58,793
Other creditors	86,417	11,074
Accruals and deferred income	990,670	77,966
	3,112,178	1,301,851

Amounts owed to group undertakings are interest free, have no fixed replacement date and are repayable on demand.

15. Share capital

in £

Particulars	As at March 31,	
	2018	2017
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

16. Reserves

Profit and loss account

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

17. Commitments under operating leases

At March 31, 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

in £

Particulars	As at March 31,	
	2018	2017
Not later than 1 year	33,673	108,649
Later than 1 year and not later than 5 years	–	29,435
	33,673	138,084

18. 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.

19. Parent undertaking and controlling party

The ultimate parent undertaking is Infosys Limited, a Company incorporated in India, whose registered office is Electronics City, Hosur Road, Bengaluru, 560 100, Karnataka, India. Group financial statements are available from www.infosys.com.

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

Detailed Profit and Loss Account

in £

Particulars	Years ended March 31, 2018	2017
Turnover	6,219,596	2,366,391
Cost of sales	(4,330,407)	(1,297,944)
Gross profit	1,889,189	1,068,447
Other operating income	16,272	56,286
Less: overheads		
Administration expenses	(2,635,219)	(2,166,378)
Operating loss	(729,758)	(1,041,645)
Interest payable and similar expenses	(20,806)	(27,328)
Investment income	14,390	–
Loss for the financial year	(736,174)	(1,068,973)

Schedule to the detailed accounts

in £

Particulars	Years ended March 31, 2018	2017
Turnover		
Provision of consultancy services	6,219,596	2,366,391

in £

Particulars	Years ended March 31, 2018	2017
Cost of sales		
Direct staff and subcontractor costs	4,072,567	1,297,944
Travel and entertainment	216,401	–
Other direct costs	41,439	–
	4,330,407	1,297,944

in £

Particulars	Years ended March 31, 2018	2017
Other operating income		
Net rents receivable	16,272	56,286

in £

Particulars	Years ended March 31, 2018	2017
Administration expenses		
Directors salaries	257,441	100,000
Directors pension costs	1,621	–
Staff salaries	1,218,798	731,713
Staff private health insurance	34,921	16,378
Employer's national insurance	180,774	90,597
Staff pension costs	7,594	–
Staff training	1,140	456
Motor running costs	5,384	5,881
Hotels, travel and subsistence	131,370	176,922
Printing and stationery	8,895	3,733
Postage	2,162	322
Telephone	16,801	15,801
Computer costs	28,831	19,349
Advertising and promotion	4,889	–
Trade subscriptions	103,434	70,472
Charity donations	–	568
Legal and professional	161,157	78,126

Particulars	Years ended March 31,	
	2018	2017
Auditors' remuneration	11,000	10,000
Accountancy fees	23,800	18,497
Equipment leasing	–	6,690
Bank charges	10,003	17,441
Bad debts	119,936	497,574
Loss on foreign exchange	63,665	30,427
Sundry expenses	23,900	35,246
Rent	131,824	159,013
Rates	45,988	45,383
Light and heat	5,663	4,663
Cleaning	10,838	7,807
Insurances	6,332	10,207
Repairs and maintenance	3,011	642
Depreciation	13,567	12,470
Loss on sale of tangible assets	480	–
	2,635,219	2,166,378

in £

Particulars	Years ended March 31,	
	2018	2017
Interest payable		
Bank loan interest payable	11,798	10,289
Other interest payable	9,008	17,039
	20,806	27,328

in £

Particulars	Years ended March 31,	
	2018	2017
Investment income		
Profit on disposal of investment	14,390	–

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PANAYA GmbH

Independent Auditors' Report

To the Members of Panaya GmbH

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Panaya GmbH ('the Company'), which comprises the Balance Sheet as at December 31, 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 'Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number: 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,68,769	69,577
Total non-current assets		2,68,769	69,577
Current assets			
Financial assets			
Trade receivables	2.2	51,51,28,238	21,59,62,949
Cash and cash equivalents	2.3	4,96,96,623	9,27,59,986
Other financial assets	2.4	5,36,92,053	6,76,42,926
Other current assets	2.5	4,28,951	–
Total current assets		61,89,45,865	37,63,65,861
Total assets		61,92,14,634	37,64,35,437
EQUITY AND LIABILITIES			
Equity			
Equity share capital		18,12,750	18,12,750
Other equity		(2,43,98,075)	(3,10,67,001)
Total equity		(2,25,85,325)	(2,92,54,251)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.8	41,92,13,323	27,54,31,859
Other financial liabilities	2.9	1,65,92,711	1,69,44,118
Other liabilities	2.10	20,59,93,925	11,33,13,712
Total current liabilities		64,17,99,959	40,56,89,689
Total equity and liabilities		61,92,14,634	37,64,35,437

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya GmbH

Deepak Padaki
Director

Statement of Profit and Loss

in ₹

Particulars	Note no.	Years ended December 31, 2017	2016
Revenue from operations	2.12	29,68,95,506	23,59,14,655
Other income, net	2.13	42,266	–
Total income		29,69,37,772	23,59,14,655
Expenses			
Employee benefit expenses	2.14	7,02,91,638	6,78,08,975
Cost of technical sub-contractors		12,08,16,329	11,26,89,373
Travel expenses		68,86,390	1,09,56,457
Communication expenses		8,85,950	14,54,394
Consultancy and professional charges		87,04,144	64,95,004
Depreciation expense	2.1	94,298	59,340
Other expenses	2.14	7,90,09,708	3,06,69,706
Total expenses		28,66,88,457	23,01,33,249
Profit before tax		1,02,49,316	57,81,407
Tax expense			
Current tax	2.11	–	(14,18,161)
Profit for the year		1,02,49,316	71,99,568
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		(35,80,389)	60,868
Total other comprehensive income / (loss), net of tax		(35,80,389)	60,868
Total comprehensive income for the year		66,68,927	72,60,436

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 Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number : 202841

Deepak Padaki
Director

Bengaluru
January 9, 2018

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	Retained earnings	Exchange difference on translation	
Balance as of January 1, 2016	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 year	–	–	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)
Changes in equity for the year ended december 31, 2017					
Exchange Difference	–	–	–	(35,80,389)	(35,80,389)
Profit for the year	–	–	1,02,49,315	–	1,02,49,315
Balance as of December 31, 2017	18,12,750	5,21,612	(2,07,13,286)	(42,06,401)	(2,25,85,325)

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 Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number : 202841

Deepak Padaki
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31, 2017	2016
Cash flow from operating activities		
Profit for the year	1,02,49,316	71,99,568
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation	94,298	59,340
Income tax expense	–	(14,18,161)
Other adjustments	(8,655)	–
Exchange differences on translation of assets and liabilities	(35,80,389)	97,989
Changes in assets and liabilities		
Trade receivables	(29,91,65,291)	(9,25,77,535)
Loans and other financial assets and other assets	1,35,21,922	(3,56,79,756)
Trade payables	14,37,81,464	10,84,16,017
Other financial liabilities, other liabilities and provisions	9,23,28,806	5,25,25,256
Cash generated from operations	(4,27,78,528)	3,86,22,718
Income taxes paid	–	–
Net cash generated by / (used in) operating activities	(4,27,78,528)	3,86,22,718
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(2,84,835)	–
Net cash used in investing activities	(2,84,835)	–
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 increase / (decrease) in cash and cash equivalents	(4,30,63,363)	3,86,22,718
Cash and cash equivalents at the beginning of the year	9,27,59,986	5,41,37,268
Cash and cash equivalents at the end of the year	4,96,96,623	9,27,59,986

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 Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number : 202841

Deepak Padaki
Director

Bengaluru
January 9, 2018

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 relevant amendment rules issued thereafter.

Effective January 1, 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 with January 1, 2015 as the transition date. 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 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.

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	3-5 years
Furniture and fixtures	5 years

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

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 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. 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.

1.9 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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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 primarily comprises 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.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	16,20,163	91,044	17,11,207
Additions	2,84,835	–	2,84,835
Deletions	–	–	–
Translation Differences	1,16,242	6,187	1,22,429
Gross carrying value as of December 31, 2017	20,21,240	97,231	21,18,471
Accumulated depreciation as of January 1, 2017	(15,81,544)	(60,087)	(16,41,631)
Depreciation	(74,826)	(19,472)	(94,298)
Accumulated depreciation on deletions	–	–	–
Translation Differences	(1,08,959)	(4,815)	(1,13,774)
Accumulated depreciation as of December 31, 2017	(17,65,329)	(84,374)	(18,49,703)
Carrying value as of January 1, 2017	38,620	30,957	69,577
Carrying value as of December 31, 2017	2,55,911	12,857	2,68,769

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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 January 1, 2016	77,298	50,189	1,27,486
Carrying value as of December 31, 2016	38,620	30,957	69,577

2.2 Trade receivables

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Unsecured		
Considered good[(1)]	51,51,28,238	21,59,62,949
	51,51,28,238	21,59,62,949
[(1)] Includes dues from related parties (Refer to Note 2.15)	40,33,48,704	20,74,52,464

2.3 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2017	2016
Balances with banks		
In current accounts	4,96,96,623	9,27,59,986
	4,96,96,623	9,27,59,986

2.4 Other financial assets

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Rental deposits	6,46,147	–
Security deposits	52,66,259	49,30,853
Others [(1)]	4,77,79,647	6,27,12,073
	5,36,92,053	6,76,42,926
Financial assets carried at amortized cost	5,36,92,053	6,76,42,926
[(1)] Includes dues from related parties (Refer to Note 2.15)	4,77,79,647	6,27,12,073

2.5 Other assets

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Prepaid expenses	4,28,951	–
	4,28,951	–

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments as of December 31, 2017 and December 31, 2016 were as follows:

in ₹

Particulars	Amortized cost	
	As at December 31,	
	2017	2016
Assets:		
Cash and cash equivalents (Refer to Note 2.3)	4,96,96,623	9,27,59,986
Trade receivables (Refer to Note 2.2)	51,51,28,238	21,59,62,949
Other financial assets (Refer to Note 2.4)	5,36,92,053	6,76,42,926
Total	61,85,16,914	37,63,65,861
Liabilities:		
Trade payables (Refer to Note 2.8)	41,92,13,323	27,54,31,859
Other financial liabilities (Refer to Note 2.9)	1,11,55,484	1,38,31,423
Total	43,03,68,807	28,92,63,281

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 ₹51,51,28,238 and ₹21,59,62,949 as of December 31, 2017 and December 31, 2016, respectively. Trade receivables are majorly 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.

As of December 31, 2017 and December 31, 2016, the Company had cash and cash equivalents of ₹4,96,96,623 and ₹9,27,59,986, respectively. The Company has no outstanding borrowings and no liquidity risk is perceived.

2.7 Equity

Equity share capital

in ₹

Particulars	As at December 31,	
	2017	2016
Authorized	18,12,750	18,12,750
Issued, subscribed and paid-up (wholly-owned by Panaya Inc)	18,12,750	18,12,750
	18,12,750	18,12,750

2.8 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	41,92,13,323	27,54,31,859
	41,92,13,323	27,54,31,859
[1] Includes dues to related parties (Refer to Note 2.15)	41,87,01,106	27,50,33,395

2.9 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	1,09,85,422	1,38,31,423
Accrued expenses	30,612	–
Compensated absences	54,37,227	31,12,695
Other payables	1,39,450	–
Total financial liabilities	1,65,92,711	1,69,44,118
Financial liability carried at amortized cost	1,11,55,484	1,38,31,423

2.10 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Withholding and other taxes payable	1,03,26,077	13,29,226
Unearned revenue	19,56,67,848	11,19,84,486
	20,59,93,925	11,33,13,712
Total other liabilities	20,59,93,925	11,33,13,712

2.11 Income taxes

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

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Current taxes	–	(14,18,161)
Deferred taxes	–	–
Income tax expense	–	(14,18,161)

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 years ended December 31	
	2017	2016
Profit before income taxes	1,02,49,316	57,81,407
Enacted tax rates in Germany	32.50%	32.50%
Computed expected tax expense	33,31,028	18,78,957
Tax provision / (reversals)	–	(14,15,768)
Effect of non-deductible expenses	(28,239)	–
Effect of unrecognized deferred tax assets	(33,02,789)	(18,81,350)
Income tax expense	–	(14,18,161)

The applicable statutory tax rate in Germany for the year ending December 31, 2017 and December 31, 2016 is 32.50%.

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

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Net current income tax asset / (liabilities) at the beginning	–	(13,79,609)
Income tax paid	–	–
Current income tax expense	–	14,18,161
Translation difference	–	(38,552)
Net current income tax asset / (liabilities) at the end	–	–

2.12 Revenue from operations

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Income from software services	29,68,95,506	23,59,14,655
	29,68,95,506	23,59,14,655

2.13 Other income

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Exchange gains on translation of other assets and liabilities	42,266	–
	42,266	–

2.14 Expenses

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	7,01,28,226	6,77,31,975
Staff welfare	1,63,412	77,000
	7,02,91,638	6,78,08,975

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Other expenses		
Repairs and maintenance	1,27,604	90,248
Brand and marketing	59,58,292	35,09,632
Operating lease payments	17,82,304	74,877
Rates and taxes	21,646	11,053
Insurance	2,23,770	1,79,020
Commission charges	7,04,90,102	2,64,40,741
Others	4,05,990	3,64,135
	7,90,09,708	3,06,69,706

2.15 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Panaya Inc. (Panaya) (11)	US	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India
Kallidus Inc. (Kallidus) (1)	US
Infosys Chile SpA (1)(2)	Chile
Infosys Americas Inc., (Infosys Americas) (1)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1)(19)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) (1)	US
Infosys Canada Public Services Ltd.(3)(4)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) (18)	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland
Infosys McCamish Systems LLC (5)	US
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) (1)	Switzerland
Lodestone Management Consultants Inc. (6)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (6)	Czech Republic
Lodestone Management Consultants GmbH (6)	Austria
Lodestone Management Consultants Co., Ltd. (6)	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) (6)	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Inc. (Panaya) (1)	US
Panaya Ltd.(11)	Israel
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US

Name of the subsidiary	Country
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

[1] Wholly-owned subsidiary of Infosys
[2] Incorporated effective November 20, 2017
[3] Wholly-owned subsidiary of Infosys Public Services, Inc.
[4] Liquidated effective May 9, 2017
[5] Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Liquidated effective December 21, 2016
[8] Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
[9] Liquidated effective October 5, 2016
[10] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[11] Wholly-owned subsidiary of Panaya Inc.
[12] Liquidated effective November 16, 2016
[13] Liquidated effective November 9, 2017
[14] Wholly-owned subsidiary of Noah
[15] Liquidated effective December 20, 2017
[16] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
[17] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[18] Majority-owned and controlled subsidiaries of Infosys
[19] Under liquidation

Name of the associate

Name of Associate	Country
DWA Nova LLC[1]	US

[1]Associate of Infosys Nova Holdings LLC.Subsequently, DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Panaya Ltd	40,33,48,704	20,74,52,464
	40,33,48,704	20,74,52,464
Other receivables		
Panaya Ltd	4,77,79,647	6,27,12,073
	4,77,79,647	6,27,12,073
Trade payables		
Panaya Ltd	41,87,01,106	27,50,33,395
	41,87,01,106	27,50,33,395

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

in ₹

Particulars	For the years ended December 31,	
	2017	2016
Revenue transactions		
Purchase of services		
Panaya Ltd.	12,08,16,329	11,26,89,373
	12,08,16,329	11,26,89,373
Sale of services		
Panaya Ltd.	17,65,22,793	12,28,08,812
	17,65,22,793	12,28,08,812

2.16 Segment reporting

The company is engaged in developing amd 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, Segmenting Reporting.

INFOSYS CONSULTING S.R.L.

Independent Auditors' Report

To the members of Infosys Consulting S.R.L.

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Infosys Consulting S.R.L.. ('the Company'), which comprises the Balance Sheet as at December 31, 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 'Ind AS financial statements').

Management's responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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

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 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31,	
		2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,56,734	15,74,003
Income tax assets, net	2.14	87,26,897	29,77,998
Total non-current assets		91,83,631	45,52,001
Current assets			
Financial assets			
Trade receivables	2.4	6,01,14,414	7,02,34,596
Cash and cash equivalents	2.5	3,13,82,864	3,76,32,198
Loans	2.2	–	6,17,671
Other financial assets	2.3	63,85,970	14,39,209
Other current assets	2.6	57,21,436	1,54,95,716
Total current assets		10,36,04,684	12,54,19,390
Total assets		11,27,88,315	12,99,71,391
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	7,43,28,400	7,43,28,400
Other equity		(7,86,91,564)	(6,57,81,482)
Total equity		(43,63,164)	85,46,918
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	1,44,31,634	–
Total non-current liabilities		1,44,31,634	–
Current liabilities			
Financial liabilities			
Trade payables	2.10	5,08,25,365	5,17,20,517
Other financial liabilities	2.11	3,24,70,773	1,54,80,032
Other current liabilities	2.12	1,87,41,399	3,38,44,018
Provisions	2.13	24,161	74,837
Income tax liabilities (net)	2.14	6,58,147	2,03,05,069
Total current liabilities		10,27,19,845	12,14,24,473
Total equity and liabilities		11,27,88,315	12,99,71,391

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 Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31, 2017	Years ended December 31, 2016
Revenue from operations	2.15	22,90,78,868	20,76,23,807
Other income, net	2.16	8,52,611	20,85,695
Total income		22,99,31,479	20,97,09,502
Expenses			
Employee benefit expenses	2.17	14,37,44,237	8,66,41,597
Cost of technical sub-contractors		2,83,93,343	5,59,40,868
Travel expenses		1,30,97,292	1,03,03,735
Communication expenses		4,15,197	9,19,094
Consultancy and professional charges		1,02,64,427	1,21,86,648
Depreciation expense	2.1	9,23,623	11,09,961
Other expenses	2.17	2,89,95,814	2,60,44,509
Total expenses		22,58,33,933	19,31,46,412
Profit before tax		40,97,546	1,65,63,090
Tax expense			
Current tax	2.14	1,70,32,627	2,58,85,209
Deferred tax	2.14	–	–
Loss for the year		(1,29,35,081)	(93,22,119)
Other comprehensive income / (loss)			
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		24,999	(25,28,359)
Total other comprehensive income / (loss), net of tax		24,999	(25,28,359)
Total comprehensive income / (loss) for the year		(1,29,10,082)	(1,18,50,478)
Earnings per equity share			
Equity shares of par value ARS 100/- each			
Basic and diluted (₹)		(145.99)	(105.22)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		88,600	88,600

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 Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Bengaluru
January 9, 2018

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity: Reserves and surplus – Retained earnings	Other equity: Other comprehensive income – Exchange difference on translation	Total equity attributable to equity holders of the Company
Balance as of January 1, 2016	7,43,28,400	(3,85,54,282)	(1,53,76,722)	2,03,97,396
Changes in equity for the year ended December 31, 2016				
Currency translation	–	–	(25,28,359)	(25,28,359)
Loss for the period	–	(93,22,119)	–	(93,22,119)
Balance as of December 31, 2016	7,43,28,400	(4,78,76,401)	(1,79,05,081)	85,46,918
Changes in equity for the year ended December 31, 2017				
Currency translation	–	–	24,999	24,999
Loss for the year	–	(1,29,35,081)	–	(1,29,35,081)
Balance as of December 31, 2017	7,43,28,400	(6,08,11,482)	(1,78,80,082)	(43,63,164)

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 Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Note no.	Years ended December 31, 2017	Years ended December 31, 2016
Cash flows from operating activities			
Loss for the year		(1,29,35,081)	(93,22,119)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		9,23,623	11,09,961
Income tax expense		1,70,32,627	2,58,85,209
Allowance / (Reversal) for credit losses on financial assets		(15,597)	1,57,622
Provision for post-sales client support		8,254	49,314
Exchange differences on translation of assets and liabilities		(53,62,577)	(82,15,341)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		50,86,450	(2,74,22,365)
Other financial assets and other assets		98,85,741	(76,74,609)
Trade payables		(8,95,152)	3,91,37,661
Other financial liabilities, other liabilities and provisions		18,88,122	2,69,91,060
Cash generated from operations		1,56,16,410	4,06,96,393
Income taxes paid	2.14	(3,69,15,049)	(29,22,864)
Net cash generated by operating activities		(2,12,98,639)	3,77,73,529
Cash flow from investing activities			
Expenditure on property, plant and equipment net of sale proceeds		–	(10,26,637)
Loans to employees		6,17,671	(6,19,140)
Net cash used in investing activities		6,17,671	(16,45,777)
Cash flow from financing activities			
Loan taken from parent company		1,44,31,634	–
Net cash used in financing activities		1,44,31,634	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
Net increase / (decrease) in cash and cash equivalents		(62,49,334)	3,61,27,752
Cash and cash equivalents at the beginning of the year		3,76,32,198	15,04,446
Cash and cash equivalents at the end of the year		3,13,82,864	3,76,32,198

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 Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Martin De Pablo
Director

Bengaluru
January 9, 2018

Significant accounting policies

Company overview

Infosys Consulting S.R.L. 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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 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 net of indirect 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

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
Office equipment[(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

(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.

1.10.3 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

(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.

1.12 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/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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity."

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 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 ocurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	82,044	26,61,386	9,26,896	36,70,326
Translation difference	(17,869)	(5,79,646)	(2,01,876)	(7,99,391)
Gross carrying value as of December 31, 2017	64,175	20,81,740	7,25,020	28,70,935
Accumulated depreciation as of January 1, 2017	(7,328)	(15,29,116)	(5,59,879)	(20,96,323)
Depreciation	(15,179)	(6,57,299)	(2,51,145)	(9,23,623)
Translation difference	3,940	4,37,068	1,64,737	6,05,745
Accumulated depreciation as of December 31, 2017	(18,567)	(17,49,347)	(6,46,287)	(24,14,201)
Carrying value as of December 31, 2017	45,608	3,32,393	78,733	4,56,734
Carrying value as of January 1, 2017	74,716	11,32,270	3,67,017	15,74,003

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

in ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2016	–	22,52,173	9,32,812	31,84,985
Additions	85,695	7,95,004	1,45,938	10,26,637
Translation difference	(3,651)	(3,85,791)	(1,51,854)	(5,41,296)
Gross carrying value as of December 31, 2016	82,044	26,61,386	9,26,896	36,70,326
Accumulated depreciation as of January 1, 2016	–	(9,79,138)	(2,60,356)	(12,39,494)
Depreciation	(7,525)	(7,42,490)	(3,59,945)	(11,09,960)
Translation difference	197	1,92,512	60,422	2,53,131
Accumulated depreciation as of December 31, 2016	(7,328)	(15,29,116)	(5,59,879)	(20,96,323)
Carrying value as of December 31, 2016	74,716	11,32,270	3,67,017	15,74,003
Carrying value as of January 1, 2016	–	12,73,035	6,72,456	19,45,491

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured, considered good		
Other loans		
Loans to employees	–	6,17,671
Total loans	–	6,17,671

2.3 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Security deposits [(1)]	16,700	21,350
Unbilled revenues[(1)]	59,85,669	9,27,447
Rental deposits [(1)]	3,83,601	4,90,412
Total	63,85,970	14,39,209
[(1)] Financial assets carried at amortized cost	63,85,970	14,39,209

2.4 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	6,01,14,414	7,02,34,596
Considered doubtful	1,21,462	1,60,452
	6,02,35,876	7,03,95,048
Less: Allowances for credit losses	1,21,462	1,60,452
	6,01,14,414	7,02,34,596
[(1)] Includes dues from related parties (Refer to Note 2.19)	1,42,07,437	93,23,957

2.5 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	3,13,40,975	3,75,82,915
Cash on hand	41,889	49,283
Total	3,13,82,864	3,76,32,198

2.6 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	–	28,243
Withholding taxes and others	57,21,436	1,54,67,473
Total	57,21,436	1,54,95,716

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2017 and December 31, 2016 were as follows :

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.5)	3,13,82,864	3,76,32,198
Trade receivables (Refer to Note 2.4)	6,01,14,414	7,02,34,596
Loans (Refer to Note 2.2)	–	6,17,671
Other financial assets (Refer to Note 2.3)	63,85,970	14,39,209
Total	9,78,83,248	10,99,23,674
Liabilities		
Trade payables (Refer to Note 2.10)	5,08,25,365	5,17,20,517
Other financial liabilities (Refer to Note 2.11)	2,51,55,736	1,10,90,289
Total	9,04,12,735	6,28,10,806

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates 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 ₹6,01,14,414 and ₹7,02,34,596 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to ₹59,85,669 and ₹9,27,447 as of December 31, 2017 and December 31, 2016, 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the year ended December 31, 2017 was ₹15,597 and allowance for year ended December 31, 2016 was ₹1,57,622, respectively.

in ₹

Particulars	Years ended December 31,	
	2017	2016
Balance at the beginning	1,60,452	–
Impairment loss recognized / reversed	(15,597)	1,57,622
Amounts written off	–	–
Translation differences	(8,893)	2,830
Balance at the end	1,35,962	1,60,452

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 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 its parent company to meet its working capital requirements.

As of December 31, 2017, the Company had a working capital of ₹8,84,839 including cash and cash equivalents of ₹3,13,82,864. As of December 31, 2016, the Company had a working capital of ₹39,94,917 including cash and cash equivalents of ₹3,76,32,198.

As of December 31, 2017 and December 31, 2016, the outstanding compensated absences were ₹73,15,037 and ₹43,89,743 respectively.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
88,600 (88,600) equity shares of ARS 100/- par value	7,43,28,400	7,43,28,400
Issued, subscribed and paid-up		
88,600 (88,600) equity shares of ARS 100/- par value	7,43,28,400	7,43,28,400
(Of the above, 83,098 (83,098) equity shares are held by the holding company, Infosys Consulting Holding AG (Formerly Lodestone Holding AG))		
(Of the above, 5,502 (5,502) equity shares are held by the fellow subsidiary, Infosys Consulting AG.)		
	7,43,28,400	7,43,28,400

The details of shareholders holding more than 5% shares are as follows:

in ₹, except as otherwise stated

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG				
(formerly Lodestone Holding AG)	83,098	93.79	83,098	93.79
Infosys Consulting AG	5,502	6.21	5,502	6.21

There is no movement in the number of shares during the reporting year ended December 31, 2017.

2.9 Borrowings

in ₹

Particulars	As at December 31,	
	2017	2016
Non-current		
Unsecured Loan from parent company (Refer to Note 2.19)	1,44,31,634	–
Total borrowings	1,44,31,634	–

2.10 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables *	5,08,25,365	5,17,20,517
Total trade payables	5,08,25,365	5,17,20,517
*Includes dues to related parties (Refer to Note 2.19)	4,78,80,637	5,15,97,575

2.11 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	62,55,538	11,19,856
Accrued expenses [(1)]	1,72,78,004	97,68,863

Particulars	As at December 31,	
	2017	2016
Compensated absences	73,15,037	43,89,743
Other payables [(2)]	16,22,194	2,01,570
Total financial liabilities	3,24,70,773	1,54,80,032
Financial liability carried at amortized cost	2,51,55,736	1,10,90,289
[(1)] Includes dues to related party (Refer to Note 2.19)	61,47,610	61,54,238
[(2)] Includes dues to related parties (Refer to Note 2.19)	15,32,906	1,12,972

2.12 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Unearned revenue	58,18,963	2,27,69,739
Others		
Withholding taxes and others	1,29,22,436	1,10,74,279
Total other liabilities	1,87,41,399	3,38,44,018

2.13 Provisions

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Post-sales client support	24,161	74,837
Total provisions	24,161	74,837

Provision for post-sales client support

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

in ₹

Particulars	Year ended December 31, 2017
Balance at the beginning	74,837
Provision recognized / (reversed)	8,254
Provision utilized	–
Exchange difference	(58,930)
Balance at the end	24,161

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

2.14 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	1,70,32,627	2,58,85,209
Income tax expense	1,70,32,627	2,58,85,209

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes provisions (net of reversals) amounting to Nil and ₹40,14,654 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	Years ended December 31,	
	2017	2016
Profit / (Loss) before income tax	40,97,546	1,65,63,090
Enacted tax rates in Argentina (%)	35.00%	35.00%
Computed expected tax expense	14,34,141	57,97,082
Tax provisions / (reversals)	74,35,618	40,14,654
Effect of unrecognized deferred tax assets	37,13,360	–
Effect of non-deductible expenses	43,04,398	1,60,49,637
Others	1,45,111	23,836
Income tax expense	1,70,32,627	2,58,85,209

The applicable Argentina statutory tax rate for years ended December 31, 2017 and December 31, 2016 is 35%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income tax assets	87,26,897	29,77,998
Current income tax liabilities	6,58,147	2,03,05,069
Net current income tax assets / (liability) at the end	80,68,750	(1,73,27,071)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(1,73,27,071)	(3,08,580)
Income tax paid	3,69,15,049	29,22,864
Current income tax expense (Refer to Note 2.14)	(1,70,32,627)	(2,58,85,209)
Translation difference	55,13,399	59,43,854
Net current income tax asset / (liability) at the end	80,68,750	(1,73,27,071)

2.15 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from consultancy services	22,90,78,868	20,76,23,807
	22,90,78,868	20,76,23,807

2.16 Other income

in ₹

Particulars	Years ended December 31,	
	2017	2016
Exchange gains / (losses) on translation of other assets and liabilities	8,52,611	20,11,178
Miscellaneous income, net	–	74,517
	8,52,611	20,85,695

2.17 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	14,37,12,859	8,65,47,526
Staff welfare	31,378	94,071
	14,37,44,237	8,66,41,597

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Brand and marketing	1,07,644	–
Operating lease payments	1,28,62,663	1,32,46,489
Rates and taxes	61,24,028	82,73,065
Repairs and maintenance	11,40,626	4,89,834
Insurance	23,00,572	7,65,732
Provision for post-sales client support	8,254	49,314
Allowances / (Reversal) for credit losses on financial assets	(15,597)	1,57,622
Others	64,67,624	30,62,453
	2,89,95,814	2,60,44,509

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the period	1,28,62,663	1,32,46,489

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,	
	2017	2016
Not later than 1 year	97,13,848	1,09,03,580
Later than 1 year and not later than 5 years	–	–
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 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	93.79%	93.79%
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	Switzerland	6.21%	6.21%

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India
Kallidus Inc. (Kallidus) (1)	US

Name of the subsidiary	Country
Infosys Chile SpA [1][2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L..(formerly S.C. Lodestone Management Consultants S.R.L..) [6]	Romania
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

[1] Wholly-owned subsidiary of Infosys
[2] Incorporated effective November 20, 2017
[3] Wholly-owned subsidiary of Infosys Public Services, Inc.
[4] Liquidated effective May 9, 2017
[5] Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Liquidated effective December 21, 2016
[8] Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
[9] Liquidated effective October 5, 2016
[10] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[11] Wholly-owned subsidiary of Panaya Inc.
[12] Liquidated effective November 16, 2016
[13] Liquidated effective November 9, 2017
[14] Wholly-owned subsidiary of Noah
[15] Liquidated effective December 20, 2017
[16] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
[17] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[18] Majority-owned and controlled subsidiaries of Infosys
[19] Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC[1]	US

[1] Associate of Infosys Nova Holdings LLC. Subsequently, DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Technologia DO Brasil LTDA	74,17,549	–
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,17,682	8,22,301
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.)	–	78,910
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	66,72,206	84,22,746
	1,42,07,437	93,23,957
Borrowings		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,44,31,634	–
	1,44,31,634	–
Trade payables		
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.)	1,224	3,134
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	65,60,955	65,31,951
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	4,22,595	4,27,915
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	4,08,95,863	4,46,34,575
	4,78,80,637	5,15,97,575
Other financial liabilities		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	1,71,772	–
Infosys Limited	13,61,134	1,12,972
	15,32,906	1,12,972
Accrued expenses		
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	61,47,610	61,54,238
	61,47,610	61,54,238

in ₹

Particulars	Years ended December 31	
	2017	2016
Capital transactions		
Financing transactions		
Borrowings (net of repayment)		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)[1]	1,44,31,634	–
	1,44,31,634	–
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	23,52,594	31,27,665
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	6,80,159	4,27,139
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	–	69,31,047
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	68,33,223	4,29,97,788
	98,65,976	5,34,83,639
Sale of services		
Infosys Technologia DO Brasil LTDA	82,10,373	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	5,00,49,380	1,59,09,369
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.)	2,25,133	2,49,572
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,81,50,738	19,52,829
	7,66,35,624	1,81,11,770

[1] Includes interest.

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 the 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 CONSULTING (BELGIUM) NV

Independent Auditors’ Report

To the members of Infosys Consulting (Belgium) NV.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Infosys Consulting (Belgium) NV. (‘the Company’), which comprises the Balance sheet as at December 31, 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 ‘ Ind AS financial statements’)

Management’s responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered Accountants,
Firm registration number. 006673S

M. Rathnakar Kamath
Partner
Membership number. 202841.

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,10,020	15,47,463
Intangible Assets	2.2	–	–
Financial assets			
Loans	2.3	1,43,09,780	71,68,985
Total non-current assets		1,48,19,800	87,16,448
Current assets			
Financial assets			
Trade receivables	2.5	5,26,44,636	5,59,10,835
Cash and cash equivalents	2.6	11,39,104	2,13,79,996
Loans	2.3	59,15,719	55,39,271
Other financial assets	2.4	2,31,15,121	–
Other current assets	2.7	60,13,139	14,92,55,519
Total current assets		8,88,27,719	23,20,85,621
Total assets		10,36,47,519	24,08,02,069
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	3,44,75,106	3,44,75,106
Other equity		(26,86,78,113)	(26,80,20,953)
Total equity		(23,42,03,007)	(23,35,45,847)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.1	25,96,74,762	19,86,31,301
Total non-current liabilities		25,96,74,762	19,86,31,301
Current liabilities			
Financial liabilities			
Trade payables	2.12	3,61,52,559	3,19,35,848
Other financial liabilities	2.11	3,50,96,207	8,91,89,958
Other current liabilities	2.13	37,141	14,19,55,872
Income tax liabilities (net)	2.14	68,89,857	1,26,34,937
Total current liabilities		7,81,75,764	27,57,16,615
Total equity and liabilities		10,36,47,519	24,08,02,069

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

for and on behalf of the Board of Directors of
Infosys Consulting (Belgium) NV

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Gopal Rao
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	Years ended December 31, 2017	2016
Revenue from operations	2.15	21,96,29,939	41,80,20,143
Other income, net	2.16	43,62,476	4,67,96,563
Total income		22,39,92,415	46,48,16,706
Expenses			
Employee benefit expenses	2.17	12,82,92,961	30,28,76,933
Cost of technical sub-contractors		29,92,454	6,80,96,214
Travel expenses		3,28,96,224	5,26,60,110
Cost of software packages and others	2.17	(46,02,750)	–
Communication expenses		48,38,264	70,16,935
Consultancy and professional charges		3,55,13,916	3,56,00,490
Finance Cost		15,63,753	22,58,053
Depreciation expenses	2.1	10,94,364	13,20,595
Other expenses	2.17	1,16,86,236	1,33,44,970
Total expenses		21,42,75,422	48,31,74,300
Profit/(Loss) before tax		97,16,993	(1,83,57,594)
Tax expense			
Current tax	2.14	(63,84,519)	1,27,01,660
Profit/(Loss) for the year		1,61,01,512	(31,0,59,254)
Other comprehensive income / (loss)			
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		(1,67,58,672)	19,99,835
Total other comprehensive income / (loss), net of tax		(1,67,58,672)	19,99,835
Total comprehensive income / (loss) for the year		(6,57,160)	(2,90,59,419)
Profit/(Loss) per equity share			
Equity shares of par value EUR 489.32/- each			
Basic and Diluted(₹)		1,61,01.51	(3,10,59.25)
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 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
Membership number : 202841

Michael Jarosch
Director

Gopal Rao
Director

Bengaluru
January 9, 2018

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 difference on translation	
Balance as of January 1, 2016	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 year	–	(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)
Changes in equity for the year ended December 31, 2017					
Currency translation	–	–	–	(1,67,58,672)	(1,67,58,672)
Profit for the year		1,61,01,512	–	–	1,61,01,512
Balance as of December 31, 2017	3,44,75,106	(36,10,95,336)	1,72,355	9,22,44,868	(23,42,03,007)

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 Consulting (Belgium) NV

M. Rathnakar Kamath
Partner
Membership number : 202841

Michael Jarosch
Director

Gopal Rao
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flows from operating activities		
Profit / (loss) for the year	1,61,01,512	(3,10,59,254)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	10,94,364	13,20,595
Income tax expense	(63,84,519)	1,27,01,660
Allowance for credit losses on financial assets	(33,137)	28,061
Interest on loan from parent company	15,63,753	22,58,053
Interest and dividend income	(3,577)	–
Exchange differences on translation of assets and liabilities	(1,68,15,593)	19,84,003
Changes in assets and liabilities		
Trade receivables	32,99,336	1,03,88,735
Other financial assets and other assets	12,01,27,259	(4,18,16,601)
Trade payables	42,16,711	74,37,249
Other financial liabilities and other liabilities	(19,60,12,482)	3,27,09,033
Cash generated from operations	(7,28,46,373)	(40,48,466)
Income taxes paid	6,39,439	(65,083)
Net cash generated by operating activities	(7,22,06,934)	(41,13,549)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	–	(3,11,904)
Loans to employees	(75,17,243)	(29,73,732)
Interest and dividend received on investments	3,577	–
Net cash used in investing activities	(75,13,666)	(32,85,636)
Cash flow from financing activities		
Loan taken / (repaid) from parent company	6,10,43,461	(1,49,22,341)
Interest on loan from parent company	(15,63,753)	(22,58,053)
Net cash used in financing activities	5,94,79,708	(1,71,80,394)
Net decrease in cash and cash equivalents	(2,02,40,892)	(2,45,79,579)
Cash and cash equivalents at the beginning of the year	2,13,79,996	4,59,59,575
Cash and cash equivalents at the end of the year	11,39,104	2,13,79,996

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 the Board of Directors of
Infosys Consulting (Belgium) NV

Michael Jarosch
Director

Gopal Rao
Director

Bengaluru
January 9, 2018

Notes to the financial statements

Infosys Consulting (Belgium) NV 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.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 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 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 :

Office equipment	5 years
Computer equipment[(1)]	3-5 years
Furniture and fixtures[(1)]	5 years"
Leasehold Improvements	Over lease term

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

(1) 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.

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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Land-leasehold	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	1,28,43,599	6,98,411	60,09,272	16,55,328	2,12,06,610
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Translation difference	872,848	47,464	4,08,389	1,12,496	14,41,197
Gross carrying value as of December 31, 2017	1,37,16,447	7,45,875	64,17,661	17,67,824	2,26,47,807
Accumulated depreciation as of January 1, 2017	(1,28,43,599)	(6,98,411)	(44,61,809)	(16,55,328)	(1,96,59,147)
Depreciation	–	–	(10,94,364)	–	(10,94,364)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(8,72,848)	(47,464)	(3,51,468)	(1,12,496)	(13,84,276)
Accumulated depreciation as of December 31, 2017	(1,37,16,447)	(7,45,875)	(59,07,641)	(17,67,824)	(2,21,37,787)
Carrying value as of December 31, 2017	–	–	5,10,020	–	5,10,020

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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	–	311,904
Deletions	–	–	–	–	–
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	–	–	–	–	–
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

2.2 Intangible assets

Following are the changes in the carrying value of acquired intangible assets for the year ended December 31, 2017 :

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2017	26,84,297	26,84,297
Additions	–	–
Deletion	–	–
Gross carrying value as of December 31, 2017	26,84,297	26,84,297
Accumulated amortization as of January 1, 2017	(26,84,297)	(26,84,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2017	(26,84,297)	(26,84,297)
Carrying value as of December 31, 2017	–	–

Following are the changes in the carrying value of acquired intangible assets for the year ended December 31, 2016 :

in ₹

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	–	–

2.3 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Non-current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	1,43,09,780	71,68,985
	1,43,09,780	71,68,985
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	59,15,719	55,39,271
	59,15,719	55,39,271
Total loans	2,02,25,499	1,27,08,256

2.4 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others [(1)]	2,31,15,121	–
Total	2,31,15,121	–
[(1)] Financial assets carried at amortized cost	2,31,15,121	

2.5 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [1]	5,26,44,636	5,59,10,835
Considered doubtful	–	26,035
	5,26,44,636	5,59,36,870
Less: Allowances for credit losses	–	26,035
	5,26,44,636	5,59,10,835
[1] Includes dues from related parties (refer to Note 2.19)	5,26,44,636	5,15,97,713

2.6 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	11,39,104	2,13,79,996
	11,39,104	2,13,79,996

2.7 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	–	533,798
Withholding taxes and others	60,13,139	14,87,21,721
Total other assets	60,13,139	14,92,55,519

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2017 and December 31, 2016 were as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.6)	11,39,104	2,13,79,996
Trade receivables (Refer to Note 2.5)	5,26,44,636	5,59,10,835
Loans (Refer to Note 2.3)	2,02,25,499	1,27,08,256
Other financial assets (Refer to Note 2.4)	2,31,15,121	–
Total	9,71,24,360	8,99,99,087
Liabilities		
Trade payables (Refer to Note 2.12)	3,61,52,559	3,19,35,848
Borrowings (Refer to Note 2.10)	25,96,74,762	19,86,31,301
Other financial liabilities (Refer to Note 2.11)	3,11,81,581	7,84,39,290
Total	32,70,08,902	30,90,06,439

All the above financial assets 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 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.

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 ₹52,644,636 and ₹55,910,835 as of December 31, 2017 and December 31, 2016, respectively. Trade receivables 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the year ended December 31, 2017 was ₹33,137. The allowance for lifetime ECL on customer balances for the year ended December 31, 2016 was ₹28,061.

in ₹

Particulars	For the year ended December 31,	
	2017	2016
Balance at the beginning	26,035	82,458
Impairment loss recognized / reversed	(33,137)	28,061
Amounts written off	–	(81,337)
Translation differences	7,102	(3,147)
Balance at the end	–	26,035

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 credit rating agencies.

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, 2017 and December 31, 2016 the Company had cash and cash equivalents of ₹1,139,104 and ₹21,379,996, respectively.

2.9 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2017	2016
Authorized		
Equity shares, EUR 489.32/- par value 1000(1000) equity shares	3,44,75,106	3,44,75,106
	3,44,75,106	3,44,75,106
Issued, subscribed and paid up		
Equity shares, EUR 489.32/- par value 1000 (1000) equity shares fully paid up	3,44,75,106	3,44,75,106
	3,44,75,106	3,44,75,106

The details of shareholders holding more than 5% shares as at December 31, 2017 and December 31, 2016 are as follows

in ₹, except as stated otherwise

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	999	99.90	999	99.90

2.10 Borrowings

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2017	2016
Non-current		
Unsecured loan from parent (refer to Note 2.19)	25,96,74,762	19,86,31,301
	25,96,74,762	19,86,31,301

2.11 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	1,38,43,012	1,63,43,235
Accrued expenses [(1)]	1,70,35,779	6,20,43,116
Compensated absences	39,14,626	1,07,50,668
Other payables [(2)]	3,02,790	52,939
	3,50,96,207	8,91,89,958
Total financial liabilities	3,50,96,207	8,91,89,958
Financial liability carried at amortized cost	3,11,81,581	7,84,39,290
[(1)] Includes dues to related parties (Refer to Note 2.19)	1,33,708	1,04,782
[(2)] Includes dues to related parties (Refer to Note 2.19)	3,02,790	52,939

2.12 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables [(1)]	3,61,52,559	3,19,35,848
	3,61,52,559	3,19,35,848
[(1)] Includes dues to related parties (Refer to Note 2.19)	3,46,72,630	2,32,55,655

2.13 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Withholding taxes and others	37,141	14,19,55,872
	37,141	14,19,55,872

2.14 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	(63,84,519)	1,27,01,660
Income tax expense	(63,84,519)	1,27,01,660

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes reversals (net of provisions) amounting to ₹66,75,365 and provisions (net of reversals) amounting to ₹1,23,70,474, 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	Years ended December 31,	
	2017	2016
Profit before income tax	97,16,993	(1,83,57,594)
Enacted tax rates (%)	33.99%	33.99%
Computed expected tax expense	33,02,806	(62,39,745)
Overseas taxes (net of reversals)	(66,75,365)	12,370,474
Effect of unrecognized deferred tax assets on loss	(33,02,806)	62,39,745
Others	290,846	3,31,186
Income tax expense	(63,84,519)	1,27,01,660

The applicable Indian statutory tax rate for the year ended December 31, 2017 and December 31, 2016 is 33.99%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

particulars	Years ended December 31,	
	2017	2016
Income tax assets	–	–
Current income tax liabilities	68,89,857	1,26,34,937
Net current income tax assets / (liability) at the end	(68,89,857)	(1,26,34,937)

The gross movement in the current income tax asset / liability is as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(1,26,34,937)	1,640
Income tax paid	(6,39,439)	65,083
Current income tax expense (Refer to Note 2.14)	63,84,519	(1,27,01,660)
Net current income tax asset / (liability) at the end	(68,89,857)	(1,26,34,937)

2.15 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from consultancy services	21,96,29,939	41,80,20,143
	21,96,29,939	41,80,20,143

2.16 Other income

in ₹

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	3,577	–
Miscellaneous income, net	43,58,899	4,67,96,563
	43,62,476	4,67,96,563

2.17 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	12,60,38,318	29,83,62,094
Staff welfare	22,54,643	45,14,839
	1282,92,961	30,28,76,933
Cost of software packages and others		
Third-party items bought for service delivery to clients	(46,02,750)	–
	(46,02,750)	–

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Brand and marketing	2,07,262	3,39,779
Operating lease payments	67,38,577	63,21,927
Rates and taxes	12,07,695	12,31,294
Repairs and maintenance	5,40,570	2,58,658
Insurance	2,28,415	1,21,524
Allowances for credit losses on financial assets	(33,137)	28,061
Others	27,96,854	50,43,727
	1,16,86,236	1,33,44,970

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the period	67,38,577	63,21,927

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

in ₹

Particulars	As at December 31,	
	2017	2016
Future minimum lease payable		
Not later than 1 year	18,07,890	50,78,533
Later than 1 year and not later than 5 years	–	70,535
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 10 years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.19 related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	India	99.90%	99.90%

Name of the utimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [1]	US
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland

Name of the subsidiary	Country
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Inc. (Panaya) (1)	US
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada
Brilliant Basics Holdings Limited.(16)	UK
Brilliant Basics Limited (17)	UK
Brilliant Basics (MENA) DMCC (17)	Dubai

(1) Wholly-owned subsidiary of Infosys

(2) Incorporated effective November 20, 2017

(3) Wholly-owned subsidiary of Infosys Public Services, Inc.

(4) Liquidated effective May 9, 2017

(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Liquidated effective December 21, 2016

(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

(9) Liquidated effective October 5, 2016

(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(11) Wholly-owned subsidiary of Panaya Inc.

(12) Liquidated effective November 16, 2016

(13) Liquidated effective November 9, 2017

(14) Wholly-owned subsidiary of Noah

(15) Liquidated effective December 20, 2017

(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(18) Majority-owned and controlled subsidiaries of Infosys

(19) Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC(1)	US
(1) Associate of Infosys Nova Holdings LLC. Subsequently DWA Nova LLC, has been liquidated w.e.f November 17, 2017.	

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting AG	33,07,626	2,88,108
Infosys Consulting GmbH	29,60,660	5,87,287
Infy Consulting Company Ltd.	4,63,76,350	1,79,11,669
Lodestone Management Consultants Inc.	–	4,66,304
Infy Consulting B.V.	–	3,23,44,345
	5,26,44,636	5,15,97,713
Loans(1)		
Infosys Consulting Holding AG	25,96,74,762	19,86,31,301
	25,96,74,762	19,86,31,301
Trade payables		
Infosys Consulting AG	79,24,702	2,17,96,355
Infosys Consulting GmbH	1,21,53,383	2,84,797
Infy Consulting Company Ltd.	2,47,460	11,68,693

Particulars	As at December 31	
	2017	2016
Infy Consulting B.V.	1,43,47,084	–
Infosys Consulting SAS	–	5,810
	3,46,72,630	2,32,55,655
Other financial liabilities		
Infosys Consulting AG	92,091	–
Infosys Consulting Holding AG	–	38,588
Infosys Limited	2,10,699	14,351
	3,02,790	52,939
Accrued expenses		
Infosys Limited	1,33,708	1,04,782
	1,33,708	1,04,782

(1) The above loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 0.75% per annum.

in ₹

Particulars	Years ended 31, December	
	2017	2016
Capital transactions		
Financing transactions		
Loans (net of repayment)		
Infosys Consulting Holding AG	6,10,43,461	(1,49,22,341)
	6,10,43,461	(1,49,22,341)
Revenue transactions		
Purchase of services		
Infosys Consulting AG	1,03,35,557	2,52,58,580
Infosys Consulting GmbH	1,23,05,781	2,82,691
Infy Consulting Company Ltd	3,92,494	3,79,82,028
Infy Consulting B.V.	–	2,21,43,498
Infosys Consulting Sp. Z.o.o	–	3,11,594
	2,30,33,832	8,59,78,391
Interest expenses		
Infosys Consulting Holding AG	15,63,753	22,58,053
	15,63,753	22,58,053
Sale of services		
Infosys Consulting AG	1,39,62,999	4,48,06,503
Infosys Consulting GmbH	3,04,17,932	6,26,22,781
Infosys Consulting SAS	–	68,16,663
Infy Consulting Company Ltd	16,93,29,821	11,34,35,574
	11,33,136	1,64,81,691
Infosys Consulting Pte Ltd	–	16,51,372
Infy Consulting B.V.	1,27,62,834	18,64,77,084
Infosys Consulting Sp. Z.o.o	–	37,38,667
	22,76,06,723	43,60,30,335

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 the 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 Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of S.C. Infosys Consulting S.R.L. ('the Company'), which comprises the Balance Sheet as at December 31, 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 ' Ind AS financial statements')

Management's Responsibility for the 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 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 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 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 auditors' 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 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	20,54,450	35,33,373
Total non-current assets		20,54,450	35,33,373
Current assets			
Financial assets			
Trade receivables	2.4	2,10,61,429	1,64,45,639
Cash and cash equivalents	2.5	6,68,61,837	5,09,28,631
Loans	2.2	5,67,379	2,52,882
Other financial assets	2.3	15,81,114	12,99,122
Other current assets	2.6	48,35,396	72,50,013
Total current assets		9,49,07,155	7,61,76,287
Total assets		9,69,61,605	7,97,09,660
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	93,64,193	93,64,193
Other equity		6,50,34,309	4,39,66,348
Total equity		7,43,98,502	5,33,30,541
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.10	5,76,024	4,295
Other financial liabilities	2.9	1,46,35,095	1,75,29,337
Income tax liabilities, net	2.11	73,51,984	88,45,487
Total current liabilities		2,25,63,103	2,63,79,119
Total equity and liabilities		9,69,61,605	7,97,09,660

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
S.C. Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Cristin Florescu
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue from operations	2.12	17,59,16,266	22,53,04,540
Other income, net		–	1
Total income		17,59,16,266	22,53,04,541
Expenses			
Employee benefit expenses	2.13	10,77,19,158	14,64,57,394
Cost of technical sub-contractors		36,78,618	25,43,392
Travel expenses		2,59,62,476	4,74,48,392
Communication expenses		24,26,913	45,26,429
Consultancy and professional charges		68,22,905	71,28,309
Depreciation expenses	2.1	16,53,786	13,01,370
Other expenses	2.13	85,61,169	76,60,930
Total expenses		15,68,25,025	21,70,66,216
Profit before tax		1,90,91,241	82,38,325
Tax expense			
Current tax	2.11	5,47,389	82,15,080
Deferred tax	2.11	–	–
Profit for the year		1,85,43,852	23,245
Other comprehensive income / (loss)			
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		25,24,109	(10,11,157)
Total other comprehensive income / (loss), net of tax		25,24,109	(10,11,157)
Total comprehensive income / (loss) for the year		2,10,67,961	(9,87,912)
Earnings per equity share			
Equity shares of RON 100 par value each			
Basic (₹)		3,090.64	3.87
Diluted (₹)		3,090.64	3.87
Weighted average equity shares used in computing earnings per equity share			
Basic		6,000	6,000
Diluted		6,000	6,000

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

for and on behalf of the Board of Directors of
S.C. Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Cristin Florescu
Director

Bengaluru
January 9, 2018

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Reserves and surplus			Others	
		Securities premium	Retained earnings	Other reserves	Exchange difference on translation	
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 year	–	–	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
Changes in equity for the year ended December 31, 2017						
Currency translation	–	–	–	–	25,24,109	25,24,109
Profit for the year	–	–	1,85,43,852	–	–	1,85,43,852
Balance as of December 31, 2017	93,64,193	1,24,85,591	4,84,59,654	20,05,191	20,83,873	7,43,98,502

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
S.C. Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Cristin Florescu
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flows from operating activities		
Profit for the year	1,85,43,852	23,245
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	16,53,786	13,01,370
Income tax expense	5,47,389	82,15,080
Allowance for credit losses on financial assets		
Other adjustments	–	(2,03,867)
Exchange differences on translation of assets and liabilities	24,16,946	(8,34,681)
Changes in assets and liabilities		
Trade receivables	(46,15,790)	1,55,57,189
Other financial assets and other assets	21,32,625	(76,58,664)
Trade payables	5,71,729	(44,01,447)
Other financial liabilities, other liabilities and provisions	(28,94,242)	29,57,408
Cash generated from operations	1,83,56,295	1,49,55,633
Income taxes paid	(20,40,892)	(21,78,323)
Net cash generated by operating activities	1,63,15,403	1,27,77,310
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(67,700)	(42,16,611)
Loans to employees	(3,14,497)	37,295
Net cash used in investing activities	(3,82,197)	(41,79,316)
Cash flow from financing activities		
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	1,59,33,206	85,97,994
Cash and cash equivalents at the beginning of the year	5,09,28,631	4,23,30,637
Cash and cash equivalents at the end of the year	6,68,61,837	5,09,28,631

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
S.C. Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Cristin Florescu
Director

Bengaluru
January 9, 2018

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 relevant rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date.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 and indirect 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

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	3-5 years
Furniture and fixtures	5 years

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

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 labour, 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

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 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.

1.12 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 recognised 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.

1.14 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 / 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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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 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.

2.1 Property, plant and equipment

The changes in the carrying value of Property, plant and equipment are as follows:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	61,97,561	16,25,481	78,23,042
Additions	–	67,700	67,700
Deletions	–	–	–
Translation difference	2,30,484	65,774	2,96,258
Gross carrying value as of December 31, 2017	64,28,045	17,58,955	81,87,000
Accumulated depreciation as of January 1, 2017	39,99,490	2,90,179	42,89,669
Depreciation	13,76,934	2,76,852	16,53,786
Accumulated depreciation on deletions	–	–	–
Translation difference	1,72,216	16,879	1,89,095
Accumulated depreciation as of December 31, 2017	55,48,640	5,83,910	61,32,550
Carrying value as of December 31, 2017	8,79,405	11,75,045	20,54,450

The changes in the carrying value of Property, plant and equipment are as follows:

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
Deletions	–	–	–
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
Accumulated depreciation on deletions	–	–	–
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

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	5,67,379	2,52,882
Total loans	5,67,379	2,52,882

2.3 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Rental deposits [(1)]	13,50,955	12,99,122
Others [(1)]	2,30,159	0
	15,81,114	12,99,122
Total	15,81,114	12,99,122
[(1)] Financial assets carried at amortized cost	15,81,114	12,99,122

2.4 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	2,10,61,429	1,64,45,639
	2,10,61,429	1,64,45,639
(1) Includes dues from related parties (Refer to Note 2.15)	2,10,61,429	1,64,45,639

2.5 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	6,68,61,837	5,09,28,631
	6,68,61,837	5,09,28,631

2.6 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	16,373	18,738
Others		
Prepaid expenses	17,12,288	26,11,482
Withholding taxes and others	31,06,735	46,19,793
	48,35,396	72,50,013
Total other assets	48,35,396	72,50,013

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.5)	6,68,61,837	5,09,28,631
Trade receivables (Refer to Note 2.4)	2,10,61,429	1,64,45,639
Loans (Refer to Note 2.2)	5,67,379	2,52,882
Other financial assets (Refer to Note 2.3)	15,81,114	12,99,122
Total	9,00,71,759	6,89,26,274
Liabilities		
Trade payables (Refer to Note 2.10)	5,76,024	4,295
Other financial liabilities (Refer to Note 2.9)	65,48,015	66,78,623
Total	71,24,039	66,82,918

All the above financial assets and financial liabilities are carried at amortized cost and the carrying values approximates 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 borrowings. The Company believes that the working capital is sufficient to meet its current requirements

As of December 31, 2017, the Company had a working capital of ₹7,23,44,052 including cash and cash equivalents of ₹6,68,61,837. 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, 2017 and December 31, 2016, the outstanding compensated absences were ₹80,87,080 and ₹1,08,50,714, respectively.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
6,000 (6,000) equity shares of RON 100 par value, fully paid	93,64,193	93,64,193
Issued, subscribed and paid up		
6,000 (6,000) equity shares of RON 100 par value, fully paid	93,64,193	93,64,193
	93,64,193	93,64,193

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

in ₹, except as stated otherwise

Name of the shareholder	As at December 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	6,000	100.00	6,000	100.00

2.9 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	48,29,432	65,86,078
Accrued expenses (1)	16,35,034	90,971
Compensated absences	80,87,080	1,08,50,714
Other payables (2)	83,549	1,574
	1,46,35,095	1,75,29,337
Total financial liabilities	1,46,35,095	1,75,29,337
Financial liability carried at amortized cost	65,48,015	66,78,623
(1) Includes dues to related parties (Refer to Note 2.15)	88,653	90,971
(2) Includes dues to related parties (Refer to Note 2.15)	1,283	1,233

2.10 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables[(1)]	5,76,024	4,295
	5,76,024	4,295
[(1)] Includes dues to related parties (Refer to Note 2.15)	2,94,973	–

2.11 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2017	2016
Current taxes	5,47,389	82,15,080
Income tax expense	5,47,389	82,15,080

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes reversals (net of provisions) amounting to ₹20,14,419 and provision (net of reversals) of ₹57,17,191, 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	Years ended December 31,	
	2017	2016
Profit before income tax	1,90,91,241	82,38,325
Enacted tax rates in Romania (%)	16.00%	16.00%
Computed expected tax expense	30,54,599	13,18,132
Tax provisions/(reversal)	(20,14,419)	57,17,191
Others	(4,92,791)	11,79,757
Income tax expense	5,47,389	82,15,080

The applicable Romanian statutory tax rate for the year ended December 31 2017 and December 31, 2016 is 16%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	Years ended December 31	
	2017	2016
Income tax assets	–	–
Current income tax liabilities	73,51,984	88,45,487
Net current income tax assets / (liability) at the end	(73,51,984)	(88,45,487)

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

in ₹

Particulars	Years ended December 31	
	2017	2016
Net current income tax asset / (liability) at the beginning	(88,45,487)	(28,08,730)
Income tax paid	20,40,892	21,78,323
Current income tax expense (Refer to Note 2.11)	(5,47,389)	(82,15,080)
Net current income tax asset / (liability) at the end	(73,51,984)	(88,45,487)

2.12 Revenue from operations

in ₹

Particulars	Years ended December 31	
	2017	2016
Income from consultancy services	17,59,16,266	22,53,04,540
	17,59,16,266	22,53,04,540

2.13 Expenses

in ₹

Particulars	Years ended December 31	
	2017	2016
Employee benefit expenses		
Salaries including bonus	10,70,33,256	14,63,31,634
Staff welfare	6,85,902	1,25,760
	10,77,19,158	14,64,57,394
Other expenses		
Power and fuel	4,12,782	1,50,619
Brand and marketing	4,66,614	8,99,314
Operating lease payments	48,38,875	37,76,377
Rates and taxes	21,039	7,294
Repairs and maintenance	18,30,435	15,33,331
Consumables	3,37,075	43,043
Insurance	8,248	–
Provision for post-sales client support	–	(2,03,867)
Others	6,46,101	14,54,819
	85,61,169	76,60,930

2.14 Lease

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year are as follows:

in ₹

Particulars	Years ended December 31	
	2017	2016
Lease rentals recognized during the year	48,38,875	37,76,377

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

in ₹

Particulars	As at December 31	
	2017	2016
Future minimum lease payable		
Not later than 1 year	43,41,164	40,64,945
Later than 1 year and not later than 5 years	95,86,837	1,30,98,156
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.

2.15 Related party transactions

List of holding companies	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the utimate 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

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [1]	US
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [1][2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK

Name of the subsidiary	Country
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Inc. (Panaya) (1)	US
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada
Brilliant Basics Holdings Limited.(16)	UK
Brilliant Basics Limited (17)	UK
Brilliant Basics (MENA) DMCC (17)	Dubai

List of holding companies

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

Name of associates	Country
DWA Nova LLC(1)(2)	US

(1) Associate of Infosys Nova Holdings LLC.
(2) DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	24,78,406	24,49,169
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	43,34,983	1,39,96,470
Infosys Technologies (Sweden) AB. (Infosys Sweden)	97,61,334	–
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.)	44,86,706	–
	2,10,61,429	1,64,45,639

Particulars	As at December 31	
	2017	2016
Trade payables		
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.)	1,39,451	–
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	1,55,522	–
	2,94,973	–
Other payables		
Infosys Limited	1,283	1,233
	1,283	1,233
Accrued expenses		
Infosys Limited	88,653	90,971
	88,653	90,971

in ₹

Particulars	Year ended December 31,	
	2017	2016
Revenue transactions		
Purchase of services, Purchase of shared services including facilities and personnel		
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z.o.o)	–	3,83,554
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.)	1,55,523	–
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	1,39,451	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	29,60,286	39,59,911
	32,55,260	43,43,465
Sale of services		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	3,37,99,943	4,50,42,606
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.)	2,84,19,648	–
Infosys Technologies (Sweden) AB. (Infosys Sweden)	94,33,171	–
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	10,42,63,504	18,02,61,934
	17,59,16,266	22,53,04,540

2.16 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 the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108.

LODESTONE MANAGEMENT CONSULTANTS
PORTUGAL, UNIPESSOAL, Lda

Independent Auditors' Report

To the Members of Lodestone Management Consultants Portugal, Unipessoal, Lda

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Lodestone Management Consultants Portugal, Unipessoal, Lda ('the company'), which comprises the Balance sheet as at 31st December 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 ' Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 31st December 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered accountants
Firm Registration Number. 006673S

(M. Rathnakar Kamath)
Partner
Membership Number. 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Income tax assets, net	2.15	21,57,296	–
Total non-current assets		21,57,296	–
Current assets			
Financial assets			
Trade receivables	2.3	75,16,911	1,21,10,332
Cash and cash equivalents	2.4	8,73,10,432	1,29,70,143
Loans	2.2	45,08,373	44,69,449
Other current assets	2.5	15,13,866	4,90,100
Total current assets		10,08,49,582	3,00,40,024
Total assets		10,30,06,878	3,00,40,024
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	10,59,98,385	4,86,00,885
Other equity		(7,50,30,860)	(8,61,29,557)
Total equity		3,09,67,525	(3,75,28,672)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	1,56,12,315	1,45,09,998
Total non-current liabilities		1,56,12,315	1,45,09,998
Current liabilities			
Financial liabilities			
Trade payables	2.10	3,69,711	1,44,212
Other financial liabilities	2.9	3,27,97,171	2,71,60,855
Other current liabilities	2.11	35,79,217	39,21,175
Income tax liabilities, net	2.12	1,96,80,939	2,18,32,456
Total current liabilities		5,64,27,038	5,30,58,698
Total equity and liabilities		10,30,06,878	3,00,40,024

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 Lodestone Management Consultants Portugal, Unipessoal, Lda.

M. Rathnakar Kamath
Partner
Membership No. 202841

Peter Fischer
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹

Particulars	Note no.	Years ended December 31, 2017	2016
Revenue from operations	2.13	10,69,75,584	13,92,32,501
Other income, net	2.14	–	4,15,939
Total income		10,69,75,584	13,96,48,440
Expenses			
Employee benefit expenses	2.15	7,06,87,513	9,12,13,263
Travel expenses		2,31,51,403	4,62,57,473
Communication expenses		21,72,399	26,55,194
Consultancy and professional charges		26,47,305	27,48,255
Finance Cost		1,11,645	1,72,009
Other expenses	2.15	5,54,034	5,31,433
Total expenses		9,93,24,299	14,35,77,627
Profit / (loss) before tax		76,51,285	(39,29,187)
Tax expense			
Current tax	2.12	(56,79,613)	98,13,573
Deferred tax	2.12	–	–
Profit / (loss) for the year		1,33,30,898	(1,37,42,760)
Other comprehensive income / (loss)			
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		(22,32,201)	2,54,365
Total other comprehensive income / (loss), net of tax		(22,32,201)	2,54,365
Total comprehensive income / (loss) for the year		1,10,98,697	(1,34,88,395)

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 Lodestone Management Consultants Portugal, Unipessoal, Lda.

M. Rathnakar Kamath
Partner
Membership No. 202841

Peter Fischer
Director

Bengaluru
January 9, 2018

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 at January 1, 2016	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 year	–	(1,37,42,760)	–	(1,37,42,760)
Balance as at December 31, 2016	4,86,00,885	(8,78,76,025)	17,46,468	(3,75,28,672)
Changes in equity for the year ended December 31, 2017				
Additional capital infusion	5,73,97,500	–	–	5,73,97,500
Exchange differences on translation	–	–	(22,32,201)	(22,32,201)
Profit for the year	–	1,33,30,898	–	1,33,30,898
Balance as at December 31, 2017	10,59,98,385	(7,45,45,127)	(4,85,733)	3,09,67,525

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 Lodestone Management Consultants Portugal, Unipessoal, Lda.

M. Rathnakar Kamath
Partner
Membership No. 202841

Peter Fischer
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2017	2016
Cash flows from operating activities		
Profit / (loss) for the year	1,33,30,898	(1,37,42,760)
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	(56,79,613)	98,13,573
Interest expense	1,11,645	1,72,009
Exchange differences on translation of assets and liabilities	(12,41,529)	6,49,908
Changes in assets and liabilities		
Trade receivables	45,93,421	1,93,49,380
Loans and other financial assets and other assets	(10,23,766)	(2,02,097)
Trade payables	2,25,499	(31,64,499)
Other financial liabilities, other liabilities and provisions	52,94,358	5,50,045
Cash generated from operations	1,56,10,913	1,34,25,559
Income taxes paid	13,70,800	(5,89,469)
Net cash generated by operating activities	1,69,81,713	1,28,36,090
Cash flow from investing activities		
Loans to employees	(38,924)	26,78,343
Net cash used in investing activities	(38,924)	26,78,343
Cash flow from financing activities		
Share capital Infusion	5,73,97,500	–
Loan repaid	–	(77,03,000)
Net cash used in financing activities	5,73,97,500	(77,03,000)
Net decrease in cash and cash equivalents	7,43,40,289	78,11,433
Cash and cash equivalents at the beginning of the year	1,29,70,143	51,58,710
Cash and cash equivalents at the end of the year	8,73,10,432	1,29,70,143

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 No. 202841

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Peter Fischer
Director

Bengaluru
January 9, 2018

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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 assets and liabilities as 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.

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 and indirect 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) 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 are 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 to measure the costs 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

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 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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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 revenues 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 primarily comprises exchange gain or loss on translation of other assets and liabilities and miscellaneous income, net.

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets, when 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 costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as at January 1, 2017	8,33,539	8,33,539
Additions	–	–
Deletions	–	–
Translation difference	56,647	56,647
Gross carrying value as at December 31, 2017	8,90,186	8,90,186
Accumulated depreciation as at January 1, 2017	8,33,539	8,33,539
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation difference	56,647	56,647
Accumulated depreciation as at December 31, 2017	8,90,186	8,90,186
Carrying value as at December 31, 2017	–	–

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as at January 1, 2016	8,38,773	8,38,773
Additions	–	–
Deletions	–	–
Translation difference	(5,234)	(5,234)
Gross carrying value as at December 31, 2016	8,33,539	8,33,539
Accumulated depreciation as at January 1, 2016	8,38,773	8,38,773
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation difference	(5,234)	(5,234)
Accumulated depreciation as at December 31, 2016	8,33,539	8,33,539
Carrying value as at December 31, 2016	–	–
Carrying value as at January 1, 2016	–	–

2.2 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	45,08,373	44,69,449
Total loans	45,08,373	44,69,449

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good[(1)]	75,16,911	1,21,10,332
	75,16,911	1,21,10,332

Particulars	As at December 31	
	2017	2016
[(1)] Includes dues from related parties (Refer to Note 2.16)	75,16,911	1,21,10,332

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	8,73,10,432	1,29,70,143
Total	8,73,10,432	1,29,70,143

2.5 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Withholding taxes and others	15,13,866	4,90,100
	15,13,866	4,90,100
Total	15,13,866	4,90,100

2.6 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2017 and December 31, 2016 were as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	8,73,10,432	1,29,70,143
Trade receivables (Refer to Note 2.3)	75,16,911	1,21,10,332
Loans (Refer to Note 2.2)	45,08,373	44,69,449
Total	9,93,35,716	2,95,49,924
Liabilities		
Trade payables (Refer to Note 2.10)	3,69,711	1,44,212
Borrowings (Refer to Note 2.8)	1,56,12,315	1,45,09,998
Other financial liabilities (Refer to Note 2.9)	1,01,94,962	1,23,25,988
Total	2,61,76,988	2,69,80,198

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates 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 believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2017, the Company had a working capital of ₹4,44,22,544 including cash and cash equivalents of ₹8,73,10,432. As at December 31, 2016, the Company had a working capital of ₹(2,30,18,674) including cash and cash equivalents of ₹1,29,70,143.

2.7 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2017	2016
Authorized		
Equity shares of EUR 700,000/- par value	10,59,98,385	4,86,00,885
Issued, subscribed and paid up		
Equity shares of EUR 700,000/- par value	10,59,98,385	4,86,00,885
(wholly owned by Infosys Consulting Holding AG)		
	10,59,98,385	4,86,00,885

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

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2017	2016
At the beginning of the period	4,86,00,885	4,86,00,885
Add : Additional capital infused during the year	5,73,97,500	–
At the end of the period	10,59,98,385	4,86,00,885

2.8 Borrowings

in ₹

Particulars	As at December 31,	
	2017	2016
Non-current		
Unsecured Loan from Parent Company (Refer to Note 2.16)	1,56,12,315	1,45,09,998
Total	1,56,12,315	1,45,09,998

2.9 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees [(1)]	36,89,021	30,28,616
Accrued expenses [(1)] [(2)]	63,82,472	66,94,696
Compensated absences	2,26,02,209	1,48,34,867
Other payables [(1)(3)]	1,23,469	26,02,676
	3,27,97,171	2,71,60,855
Total financial liabilities	3,27,97,171	2,71,60,855
Financial liability carried at amortized cost [(1)]	1,01,94,962	1,23,25,988
[(2)] Includes dues to related parties (Refer to Note 2.16)	5,80,463	3,23,350
[(3)] Includes dues to related parties (Refer to Note 2.16)	1,23,469	21,18,942

2.10 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables [1]	3,69,711	1,44,212
	3,69,711	1,44,212
[1] Includes dues to related parties (Refer to Note 2.16)	3,66,193	1,44,212

2.11 Other liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Withholding taxes and others	35,79,217	39,21,175
	35,79,217	39,21,175

2.12 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2017	2016
Current taxes	(56,79,613)	98,13,573
Income tax expense	(56,79,613)	98,13,573

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes reversals (net of provisions) amounting to ₹75,63,888 and ₹72,96,028, 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	As at December 31,	
	2017	2016
Profit before income tax	76,51,285	(39,29,187)
Enacted tax rates in Romania (%)	22.50%	22.50%
Computed expected tax expense	17,21,539	(8,84,067)
Overseas taxes	13,47,237	25,17,545
Tax provisions / (reversals)	(75,63,888)	72,96,028
Effect of unrecognized deferred tax assets	(12,05,078)	8,84,067
Others	20,577	–
Income tax expense	(56,79,613)	98,13,573

The applicable statutory tax rate for the year ended Decemeber 31, 2017 and December, 31, 2016 is 22.5%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	As at December 31,	
	2017	2016
Income tax assets	21,57,296	–
Current income tax liabilities	1,96,80,939	2,18,32,456
Net current income tax assets / (liability) at the end	(1,75,23,643)	(2,18,32,456)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	As at December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(2,18,32,456)	(1,26,08,352)
Income tax paid	(13,70,800)	5,89,469
Current income tax expense (Refer to Note 2.12)	56,79,613	(98,13,573)
Net current income tax asset / (liability) at the end	(1,75,23,643)	(2,18,32,456)

2.13 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2017	2016
Income from consultancy services	10,69,75,584	13,92,32,501
	10,69,75,584	13,92,32,501

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2017	2016
Exchange gains on translation of other assets and liabilities	–	40,257
Miscellaneous income, net	–	3,75,682
	–	4,15,939

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	7,06,63,198	9,11,13,870
Staff welfare	24,315	99,393
	7,06,87,513	9,12,13,263

in ₹

Particulars	Year ended December 31,	
	2017	2016
Other expenses		
Brand and marketing	61,792	2,18,287
Rates and taxes	–	32,966
Exchange losses on translation of other assets and liabilities	4,14,720	–
Others	77,522	2,80,180
	5,54,034	5,31,433

2.16 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the 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.

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [(1)]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [(1)]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [(1)]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [(1)]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [(1)]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [(1)]	US
EdgeVerve Systems Limited (EdgeVerve) [(1)]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(1)]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [(1)]	India
Kallidus Inc. (Kallidus) [(1)]	US
Infosys Chile SpA [(1)(2)]	Chile
Infosys Americas Inc., (Infosys Americas) [(1)]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(1) (19)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [(1)]	US
Infosys Canada Public Services Ltd.[(3)(4)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [(18)]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(5)]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(5)]	Poland
Infosys McCamish Systems LLC [(5)]	US
Portland Group Pty Ltd[(5)]	Australia
Infosys BPO Americas LLC.[(5)]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [(1)]	Switzerland
Lodestone Management Consultants Inc. [(6)]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(6)]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(6)]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(6)]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(6)]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(6)]	Czech Republic
Lodestone Management Consultants GmbH [(6)]	Austria
Lodestone Management Consultants Co., Ltd. [(6)]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(6)]	UK

Name of the subsidiary	Country
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Inc. (Panaya) (1)	US
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada
Brilliant Basics Holdings Limited.(16)	UK
Brilliant Basics Limited (17)	UK
Brilliant Basics (MENA) DMCC (17)	Dubai

(1)Wholly-owned subsidiary of Infosys
(2)Incorporated effective November 20, 2017
(3)Wholly-owned subsidiary of Infosys Public Services, Inc.
(4)Liquidated effective May 9, 2017
(5)Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6)Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7)Liquidated effective December 21, 2016
(8)Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9)Liquidated effective October 5, 2016
(10)Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11)Wholly-owned subsidiary of Panaya Inc.
(12)Liquidated effective November 16, 2016
(13)Liquidated effective November 9, 2017
(14)Wholly-owned subsidiary of Noah
(15)Liquidated effective December 20, 2017
(16)On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17)Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18)Majority-owned and controlled subsidiaries of Infosys
(19)Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC(1)(2)	US

(1)Associate of Infosys Nova Holdings LLC.
(2)DWA Nova LLC, has been liquidated w.e.f. November 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting AG	6,98,762	10,65,290
Infosys Consulting GmbH	44,19,353	74,52,424
Infy Consulting Company Ltd.	23,98,796	4,98,162
Infosys Consulting SAS	–	3,44,290
Infosys Consulting Sp. Z.o.o.	–	27,50,166
	75,16,911	1,21,10,332
Borrowings		
Infosys Consulting Holding AG	1,56,12,315	1,45,09,998
	1,56,12,315	1,45,09,998

Particulars	As at December 31	
	2017	2016
Trade payables		
Infosys Consulting GmbH	1,99,443	–
Infosys Consulting Sp. Z.o.o.	–	53,677
Infy Consulting Company Ltd.	1,66,750	–
Infosys Consulting AG	–	90,535
	3,66,193	1,44,212
Other payables		
Infosys Ltd.	1,23,469	77,243
Infosys Consulting Sp. Z.o.o.	–	20,41,699
	1,23,469	21,18,942
Provision for Expense		
Infosys Ltd.	5,80,463	3,23,350
	5,80,463	3,23,350

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

in ₹

Particulars	For the year ended December 31,	
	2017	2016
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG	5,73,97,500	–
	5,73,97,500	–
Interest expense		
Infosys Consulting Holding AG	1,11,645	1,72,009
	1,11,645	1,72,009
Unsecured Loan Taken(Net of Repayment)		
Infosys Consulting Holding AG	(11,02,317)	(71,35,448)
	(11,02,317)	(71,35,448)
Revenue transactions		
Purchase of services		
Infosys Consulting Sp. Z.o.o.	–	1,64,421
Infosys Consulting AG	9,00,063	-
Infosys Consulting SAS	–	14,87,408
Infosys Consulting GmbH	1,98,348	–
Infy Consulting Company Ltd.	1,65,836	–
	12,64,247	16,51,829
Sale of services		
Infosys Consulting AG	62,87,522	5,17,42,076
Infosys Consulting GmbH	4,44,64,837	5,30,01,004
Infy Consulting Company Ltd.	4,53,28,835	1,89,75,989
Lodestone Management Consultants Inc.	–	92,17,570
Infosys Technologies (Sweden) AB.	70,96,167	–
Infosys Consulting SAS	–	9,45,074
Infosys Consulting Sp. Z.o.o.	37,98,223	53,50,788
	10,69,75,584	13,92,32,501

2.17 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 the 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.

LODESTONE MANAGEMENT CONSULTANTS INC.

Independent Auditors' report

To the Members of Lodestone Management Consultants Inc.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Lodestone Management Consultants Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 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 Ind AS financial statements')

Management's Responsibility for the 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 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 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 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 auditors' 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 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2017	2016
ASSETS			
Non-current assets			
Financial assets			
Loans	2.1	14,05,20,825	–
Deferred tax assets, net	2.12	–	6,76,38,677
Income tax assets, net	2.12	21,44,895	2,41,71,674
Total non-current assets		14,26,65,720	9,18,10,351
Current assets			
Financial assets			
Trade receivables	2.3	49,41,448	12,95,07,845
Cash and cash equivalents	2.4	9,79,39,472	14,27,16,413
Other financial assets	2.2	25,16,358	2,49,55,443
Other current assets	2.5	95,119	1,72,989
Total current assets		10,54,92,397	29,73,52,690
Total assets		24,81,58,117	38,91,63,041
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	62,07,500	62,07,500
Other equity		23,97,46,087	27,10,21,182
Total equity		24,59,53,587	27,72,28,682
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	5,50,670	2,37,61,778
Other financial liabilities	2.8	16,53,860	1,10,89,472
Other current liabilities	2.10	–	7,36,23,112
Provisions	2.11	–	7,75,120
Income tax liabilities, net	2.12	–	26,84,877
Total current liabilities		22,04,530	11,19,34,359
Total equity and liabilities		24,81,58,117	38,91,63,041

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
Lodestone Management Consultants Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

Kenneth Toombs
Authorised signatory

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	As at December 31	
		2017	2016
Revenue from operations	2.14	9,06,87,203	2,01,78,26,151
Other income, net	2.15	27,83,650	64,698
Total income		9,34,70,853	2,01,78,90,849
Expenses			
Employee benefit expenses	2.16	37,56,435	38,61,09,667
Cost of technical sub-contractors		5,74,16,993	1,15,43,88,410
Travel expenses		23,42,876	13,70,20,489
Communication expenses		73,844	42,73,303
Consultancy and professional charges		1,16,41,474	6,06,73,785
Finance cost		4,170	16,19,165
Depreciation expenses	2.13	–	13,51,561
Other expenses	2.16	13,29,583	3,55,28,611
Total expenses		7,65,65,375	1,78,09,64,991
Profit before tax		1,69,05,478	23,69,25,858
Tax expense			
Current tax	2.12	(3,25,69,344)	7,31,49,668
Deferred tax	2.12	6,45,20,784	(44,79,116)
Profit / (loss) for the year		(1,50,45,962)	16,82,55,306
Other comprehensive income / (loss)			
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		(1,62,29,133)	40,27,708
Total other comprehensive income / (loss)		(1,62,29,133)	40,27,708
Total comprehensive income / (loss) for the year		(3,12,75,095)	17,22,83,014
Earnings per equity share			
Equity shares of par value US $1000 / - each			
Basic and diluted (₹)		(1,50,460)	16,82,553
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 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

Kenneth Toombs
Authorised signatory

Bengaluru
January 9, 2018

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, 2016	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 currency translation	–		40,27,708	40,27,708
Profit for the year	–	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
Changes in equity for the year ended December 31, 2017	–			
Exchange difference on currency translation	–		(1,62,29,133)	(1,62,29,133)
Profit / (loss) for the year	–	(1,50,45,962)		(1,50,45,962)
Balance as of December 31, 2017	62,07,500	27,92,20,959	(3,94,74,872)	24,59,53,587

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
January 9, 2018

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

Kenneth Toombs
Authorised signatory

Statement of Cash Flows

in ₹

Particulars	As at December 31	
	2017	2016
Cash flows from operating activities		
Profit / (loss) for the year	(1,50,45,962)	16,82,55,306
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	–	13,51,561
Income tax expense	3,19,51,440	6,86,70,552
Reversals for credit losses on financial assets	(4,20,535)	(52,721)
Interest and dividend income	(27,83,650)	–
Other adjustments	(7,35,880)	4,78,972
Exchange differences on translation of assets and liabilities	(1,31,11,240)	22,90,177
Changes in assets and liabilities		
Trade receivables and unbilled revenue	14,45,02,885	57,36,90,828
Loans and other financial assets and other assets	(27,80,40,648)	3,33,21,392
Trade payables	(2,32,11,108)	(9,26,79,775)
Other financial liabilities, other liabilities and provisions	(8,30,97,964)	(42,38,37,647)
Cash generated from operations	(23,99,92,662)	33,14,88,645
Income taxes paid	5,19,11,246	(15,79,76,889)
Net cash generated by operating activities	(18,80,81,416)	17,35,11,756
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	–	24,60,955
Interest and dividend income	27,83,650	–
Loans to employees	1,00,08,735	–
Net cash used in investing activities	1,27,92,385	24,60,955
Cash flow from financing activities		
Loan given to parent company	13,05,12,090	–
Loan from parent company	–	(11,15,21,436)
Net cash used in financing activities	13,05,12,090	(11,15,21,436)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net increase / (decrease) in cash and cash equivalents	(4,47,76,941)	6,44,51,275
Cash and cash equivalents at the beginning of the year	14,27,16,413	7,82,65,138
Cash and cash equivalents at the end of the year	9,79,39,472	14,27,16,413

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
Lodestone Management Consultants Inc.

M. Rathnakar Kamath
Partner
Membership number : 202841

Kenneth Toombs
Authorised signatory

Bengaluru
January 9, 2018

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 relevant rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 and net of indirect 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

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) 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

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

(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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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 received from deposits and miscellaneous income, net.

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.

2.1 Loans

in ₹

Particulars	As at December 31	
	2017	2016
Non-current		
Unsecured, considered good		
Other loans		
Loans to employees	1,00,08,735	–
	1,00,08,735	–
Unsecured, considered doubtful		
Loan to holding company (Refer to Note *2.18*)	13,05,12,090	–
	14,05,20,825	–
Total loans	14,05,20,825	–

2.2 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Rental deposits [(1)]	2,07,802	1,13,987
Unbilled revenues [(1)]	–	1,95,15,953
Others [(1)(2)]	23,08,556	53,25,503
	25,16,358	2,49,55,443
Total	25,16,358	2,49,55,443
[(1)] Financial assets carried at amortized cost	25,16,358	2,49,55,443
[(2)] Includes dues from related parties (Refer to Note *2.18*)	23,02,353	14,16,718

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [(1)]	49,41,448	12,95,07,845
Considered doubtful	22,192	3,47,568
	49,63,640	12,98,55,413
Less: Allowances for credit losses	22,192	3,47,568
	49,41,448	12,95,07,845
[(1)] Includes dues from related parties (Refer to Note 2.18)	17,02,471	3,14,10,726

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	9,79,39,472	14,27,16,413
	9,79,39,472	14,27,16,413

2.5 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	95,119	1,72,989
	95,119	1,72,989
Total other assets	95,119	1,72,989

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments by categories are as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	9,79,39,472	14,27,16,413
Trade receivables (Refer to Note 2.3)	49,41,448	12,95,07,845
Other financial assets (Refer to Note 2.2)	25,16,358	2,49,55,443
Total	10,53,97,278	29,71,79,701
Liabilities		
Trade payables (Refer to Note 2.9)	5,50,670	2,37,61,778
Other financial liabilities (Refer to Note 2.8)	16,53,860	1,02,14,330
Total	22,04,530	3,39,76,108

All the above financial assets and liabilities 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 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. Consequently, the Company is exposed to foreign exchange risk.

The analysis of foreign currency risk from financial instruments as of December 31, 2017 is as follows:

in ₹

Particulars	Euro	CHF	GBP	Other currencies	Total
Trade receivables	–	–	17,02,475	–	17,02,475
Trade payables	3,59,319	–	94,912	47,851	5,02,082
Net assets / (liabilities)	3,59,319	–	17,97,387	47,851	22,04,557

The analysis of foreign currency risk from financial instruments as of December 31, 2016, is as follows:

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)

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 ₹4,941,448 and ₹12,95,07,845 as of December 31, 2017 and December 31, 2016, respectively and unbilled revenue amounting to Nil and ₹1,95,15,953 as of December 31, 2017 and December 31, 2016, 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. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL 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 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, 2017 and December 31, 2016 are ₹4,20,535 and ₹52,721, respectively.

in ₹

Particulars	Years ended March 31,	
	2017	2016
Balance at the beginning	3,47,568	8,20,891
Impairment loss recognized / reversed	(4,20,535)	(52,721)
Amounts written off	–	(3,19,872)
Translation differences	95,159	(1,00,730)
Balance at the end	22,192	3,47,568

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. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2017, the Company had a working capital of ₹10,32,87,867 including cash and cash equivalents of ₹97,93,9,472. 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.

2.7 Equity

Equity Share Capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
100 (100) equity shares of US $1000 par value	62,07,500	62,07,500
Issued, subscribed and paid-up		
100 (100) equity shares of USD 1000 par value	62,07,500	62,07,500
(Of the above, 100 equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone Holding AG)		
	62,07,500	62,07,500

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 shareholders holding more than 5% shares are as follows :

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	100	100	100	100

2.8 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued compensation to employees	–	13,81,984
Accrued expenses	13,43,275	–
Compensated absences	–	8,75,142
Other payables [(1)]	3,10,585	88,32,346
	16,53,860	1,10,89,472
Total financial liabilities	16,53,860	1,10,89,472
Financial liability carried at amortized cost	16,53,860	1,02,14,330
[(1)] Includes dues to related parties (Refer to Note 2.18)	3,10,585	5,62,293

2.9 Trade payables

in ₹

Particulars	As at December 31	
	2017	2016
Trade payables [(1)]	5,50,670	2,37,61,778
	5,50,670	2,37,61,778
[(1)] Includes dues to fellow subsidiaries (Refer to Note 2.18)	5,02,078	2,37,61,778

2.10 Other liabilities

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unearned revenue	–	7,36,23,112
	–	7,36,23,112
	–	7,36,23,112

2.11 Provisions

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Post-sales client support	–	7,75,120
	–	7,75,120

2.12 Income taxes

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

in ₹

Particulars	As at December 31	
	2017	2016
Current taxes	(3,25,69,344)	7,31,49,668
Deferred taxes	6,45,20,784	(44,79,116)
Income tax expense	3,19,51,440	6,86,70,552

Current tax expense for the years ended December 31, 2017 and December 31, 2016 includes reversals amounting to ₹3,26,86,240 and ₹2,91,43,831 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	As at December 31	
	2017	2016
Profit before income tax	1,69,05,478	23,69,25,858
Enacted tax rates in US (%)	40.00%	40.00%
Computed expected tax expense	67,62,191	9,47,70,343
Tax reversals, overseas and domestic	(3,26,86,240)	(2,91,43,831)

Particulars	As at December 31	
	2017	2016
Effect of written off deferred tax assets	6,45,20,784	–
Effect of non-deductible expenses	(67,62,191)	30,44,039
Others	1,16,896	–
Income tax expense	3,19,51,440	6,86,70,551

The applicable US statutory tax rate for the year ended December 31, 2017 and December 31, 2018 is 40%.

The details of income tax assets and income tax liabilities as are as follows :

in ₹

Particulars	As at December 31	
	2017	2016
Income tax assets	21,44,895	2,41,71,674
Current income tax liabilities	–	26,84,877
Net current income tax assets / (liability) at the end	21,44,895	2,14,86,797

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Net current income tax asset / (liability) at the beginning	2,14,86,797	(6,33,40,424)
Income tax paid	(5,19,11,246)	15,79,76,889
Current income tax expense (Refer to Note 2.12)	3,25,69,344	(7,31,49,668)
Net current income tax asset / (liability) at the end	21,44,895	2,14,86,797

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	
	2017	2016
Deferred income tax assets		
Accrued compensation to employees	–	6,76,38,677
Total deferred income tax assets	–	6,76,38,677
Deferred income tax assets after set off	–	6,76,38,677

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 are as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Net deferred income tax asset at the beginning	6,76,38,677	6,14,69,431
Translation differences	(31,17,893)	16,90,130
Credits / (charge) relating to temporary differences (Refer to Note 2.12)	(6,45,20,784)	44,79,116
Net deferred income tax asset at the end	–	6,76,38,677

2.13 Property, plant and equipment

There were no transactions in propery, plant and equipments during the year ended December 31, 2017.

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2016 are as follows:

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
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	–	–	–

2.14 Revenue from operations

in ₹

Particulars	Years ended December 31	
	2017	2016
Income from consultancy services	9,06,87,203	2,01,78,26,151
	9,06,87,203	2,01,78,26,151

2.15 Other income

in ₹

Particulars		
	2017	2016
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	27,83,650	–
Miscellaneous income, net	–	64,698
	27,83,650	64,698

2.16 Expenses

in ₹

Particulars	Years ended December 31	
	2017	2018
Employee benefit expenses		
Salaries including bonus	37,49,190	37,87,22,841
Staff welfare	7,245	73,86,826
	37,56,435	38,61,09,667

in ₹

Particulars	Years ended December 31	
	2017	2016
Other expenses		
Brand and marketing	–	80,07,295
Operating lease payments	3,18,136	12,55,852
Rates and taxes	1,74,069	3,263
Repairs and maintenance	6,269	18,758
Insurance	2,81,489	5,16,598
Provision for post-sales client support	(7,35,880)	4,80,242
Allowances / (reversals) for credit losses on financial assets	(4,20,535)	(52,721)
Exchange gains / (losses) on translation of other assets and liabilities	11,31,558	1,88,85,077
Others	5,74,478	64,14,247
	13,29,584	3,55,28,611

2.17 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	As at December 31	
Future minimum lease payable	2017	2016
Not later than 1 year	–	75,108

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

2.18 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at	
		December 31, 2017	March 31, 2016
Infosys Consulting Holding AG (*Infosys Lodestone, formerly Lodestone Holding AG)*	Switzerland	100%	100%

Name of the utimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India

Name of the subsidiary	Country
Kallidus Inc. (Kallidus) [(1)]	US
Infosys Chile SpA [(1)(2)]	Chile
Infosys Americas Inc., (Infosys Americas) [(1)]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(1)] [(19)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [(1)]	US
Infosys Canada Public Services Ltd[(3)(4)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [(18)]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(5)]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(5)]	Poland
Infosys McCamish Systems LLC [(5)]	US
Portland Group Pty Ltd[(5)]	Australia
Infosys BPO Americas LLC[(5)]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [(1)]	Switzerland
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(6)]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(6)]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(6)]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(6)]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(6)]	Czech Republic
Lodestone Management Consultants GmbH [(6)]	Austria
Lodestone Management Consultants Co., Ltd. [(6)]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(6)]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(6)]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [(6)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(6)]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(6)]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(6)]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(6)(7)]	Switzerland
Lodestone Augmentis AG [(8)(9)]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(10)]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(10)]	Brazil
Panaya Inc. (Panaya) [(1)]	US
Panaya Ltd[(11)]	Israel
Panaya GmbH [(11)]	Germany
Panaya Japan Co. Ltd [(11)]	Japan
Panaya Pty Ltd [(11)(12)]	Australia
Noah Consulting LLC (Noah) [(13)]	US
Noah Information Management Consulting Inc. (Noah Canada) [(14)(15)]	Canada
Brilliant Basics Holdings Limited [(16)]	UK
Brilliant Basics Limited [(17)]	UK
Brilliant Basics (MENA) DMCC [(17)]	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(18) Majority-owned and controlled subsidiaries of Infosys

(19) Under liquidation

List of associates

Name of associates	Country
DWA Nova LLC[1][2]	US

(1) Associate of Infosys Nova Holdings LLC.

(2) DWA Nova LLC, has been liquidated w.e.f. November 17, 2017

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	–	31,17,198
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	17,02,471	89,80,952
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	–	1,82,58,026
Lodestone Management Consultants B.V.	–	10,54,549
	17,02,471	3,14,10,725
Loans		
Infosys Consulting Holding AG	13,05,12,090	
	13,05,12,090	–
Other financial assets		
Infosys Limited	23,02,353	14,16,718
	23,02,353	14,16,718
Trade payables		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	47,851	25,69,240
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	3,59,319	46,09,940
Lodestone Management Consultants Sp. z.o.o.	–	23,59,697
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	94,908	1,33,50,285
Lodestone Management Consultants (Belgium) S.A.	–	4,66,304
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	4,06,312
	5,02,078	2,37,61,778
Other financial liabilities		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	3,10,585	1,73,417
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	–	3,88,876
	3,10,585	5,62,293

in ₹

Particulars	As at December 31	
	2017	2016
Loans (net of repayment)[1]		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	(11,15,21,436)
	–	(11,15,21,436)
Revenue transactions		
Purchase of services		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	2,21,50,435	25,06,24,424
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd.)	–	3,88,501
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	–	3,52,28,193
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	2,62,04,375	42,66,94,335
Lodestone Management Consultants Sp. z.o.o., Poland	78,21,917	3,93,43,629
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	92,09,281
Infosys Management Consulting Pty Limited	–	16,11,059
Lodestone Management Consultants B.V.	–	53,85,098
Lodestone Management Consultants (Belgium) S.A.	11,35,813	1,65,00,913
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)	–	7,60,797
	5,73,12,540	78,57,46,230
Interest Expense		

Particulars	As at December 31	
	2017	2016
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	16,19,165
	–	16,19,165
Purchase of shared services including facilities and personnel		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	86,668	52,27,615
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	3,65,612	45,20,140
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	95,295	1,08,397
	5,47,575	98,56,152
Interest income		
Infosys Consulting Holding AG	27,83,650	–
	27,83,650	–
Sale of services		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	11,60,955	6,46,74,352
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	–	6,70,26,413
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.)	46,57,925	76,23,18,479
	58,18,880	89,40,19,244

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*.

PANAYA JAPAN CO. LTD.

Independent Auditors' report

To the Members of Panaya Japan Co Ltd.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Panaya Japan Co Ltd. ('the company'), which comprises the Balance sheet as at 31st December 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 ' Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 31st December 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered accountants,
Firm registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	3,46,606
Total non-current assets		–	3,46,606
Current assets			
Financial assets			
Trade receivables	2.2	13,69,24,964	10,20,63,047
Cash and cash equivalents	2.3	85,58,985	43,39,355
Other financial assets	2.4	–	7,32,186
Other current assets	2.5	3,99,086	8,58,126
Total current assets		14,58,83,035	10,79,92,714
Total assets		14,58,83,035	10,83,39,320
EQUITY AND LIABILITIES			
Equity			
Equity share capital		29,43,000	29,43,000
Other equity		(1,54,89,105)	(1,71,31,981)
Total equity		(1,25,46,105)	(1,41,88,981)
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.8	2	2,90,552
Other financial liabilities	2.9	15,83,71,747	12,19,04,775
Income tax liabilities, net	2.10	57,391	3,32,974
Total current liabilities		15,84,29,140	12,25,28,301
Total equity and liabilities		14,58,83,035	10,83,39,320

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 Panaya Japan Co. Ltd

M. Rathnakar Kamath
Partner
Membership number : 202841

Deepak Padaki
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹

Particulars	Note no.	Years ended December 31	
		2017	2016
Revenue from operations	2.11	3,79,57,804	6,46,51,995
Other income, net	2.12	38,25,004	27,52,001
Total income		4,17,82,808	6,74,03,996
Expenses			
Employee benefit expenses	2.13	–	6,62,435
Travel expenses		7,40,510	7,34,815
Marketing expenses		20,94,232	50,64,462
Consultancy and professional charges		2,51,67,711	3,37,25,645
Depreciation	2.1	1,52,675	1,52,680
Other expenses	2.13	1,20,59,704	2,13,34,136
Total expenses		4,02,14,832	6,16,74,173
Profit before tax		15,67,976	57,29,823
Tax expense			
Current tax	2.10	4,89,073	53,260
Profit for the year		10,78,903	56,76,563
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		5,63,973	(16,53,259)
Total other comprehensive income / (Loss), net of tax		5,63,973	(16,53,259)
Total comprehensive income for the year		16,42,876	40,23,304

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Japan Co. Ltd

Deepak Padaki
Director

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flow from operating activities		
Profit for the year	10,78,903	56,76,563
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	1,52,675	1,52,680
Income tax expense	4,89,073	53,260
Interest and dividend income	(43)	(274)
Other adjustments	(4,92,492)	(3,98,859)
Loss on sales of fixed assets	1,89,893	–
Exchange differences on translation of assets and liabilities	5,63,973	(16,47,766)
Changes in assets and liabilities		
Trade receivables	(3,48,61,917)	(6,28,00,533)
Other financial assets and other assets	11,91,226	(7,21,012)
Trade payables	(2,90,550)	(24,303)
Other financial liabilities, other liabilities	3,64,66,972	6,20,14,117
Cash generated from operations	44,87,713	23,03,873
Income taxes paid	(2,72,164)	(2,56,248)
Net cash generated by operating activities	42,15,549	20,47,625
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	4,038	(3,86,142)
Interest and dividend received on investments	43	274
Net cash used in investing activities	4,081	(3,85,868)
Cash flow from financing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	42,19,630	16,61,757
Cash and cash equivalents at the beginning of the year	43,39,355	26,77,598
Cash and cash equivalents at the end of the year	85,58,985	43,39,355

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 the Board of Directors of Panaya Japan Co. Ltd

Deepak Padaki
Director

Bengaluru
January 9, 2018

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, 2016	29,43,000	1,44,632	(2,31,82,770)	18,82,854	(1,82,12,284)
Changes in equity for the year ended December 31, 2016					
Profit for the year	–	–	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)
Changes in equity for the year ended December 31, 2017					
Profit for the year	–	–	10,78,903	-	10,78,903
Currency translation	–	–	–	5,63,973	5,63,973
Balance as of December 31, 2017	29,43,000	1,44,632	(1,64,27,304)	7,93,567	(1,25,46,105)

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
January 9, 2018

for and on behalf of the Board of Directors of Panaya Japan Co. Ltd

Deepak Padaki
Director

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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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] 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 are 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. 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. 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

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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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.

2.1 Property, plant and equipment

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

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2017	5,04,372	5,04,372
Additions	–	–
Deletions	(5,04,372)	(5,04,372)
Translation differences	–	–
Gross carrying value as of December 31, 2017	–	–
Accumulated depreciation as of January 1, 2017	(1,57,766)	(1,57,766)
Depreciation	(1,52,675)	(1,52,675)
Accumulated depreciation on deletions	3,10,441	3,10,441
Translation differences	–	–
Accumulated depreciation as of December 31, 2017	–	–
Carrying value as of December 31, 2017	–	–
Carrying value as of January 1, 2017	3,46,606	3,46,606

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)

Particulars	Computer equipment	Total
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

2.2 Trade receivables

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Unsecured		
Considered good [1]	13,69,24,964	10,20,63,047
	13,69,24,964	10,20,63,047
[1] Includes dues from related parties (Refer to Note 2.14)	13,69,24,964	10,20,63,047

2.3 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2017	2016
Balances with banks		
In current account	85,58,985	43,39,355
	85,58,985	43,39,355

2.4 Other financial assets

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Rental deposits [1]	–	7,32,186
Total	–	7,32,186
[1] Financial assets carried at amortized cost	–	7,32,186

2.5 Other assets

In ₹

Particulars	As at December 31,	
	2017	2016
Current		
Prepaid expenses	–	2,44,063
Withholding taxes and others	3,99,086	6,14,063
Total other assets	3,99,086	8,58,126

2.6 Financial instruments

The carrying value of financial instruments as of December 31, 2017 and December 31, 2016 were as follows:

in ₹

Particulars	Amortized cost as on December 31,	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.3)	85,58,985	43,39,355
Trade receivables (Refer to Note 2.2)	13,69,24,964	10,20,63,047
Other financial assets (Refer to Note 2.4)	–	7,32,186
Total	14,54,83,949	10,71,34,588
Liabilities		
Trade payables (Refer to Note 2.8)	2	2,90,552
Other financial liabilities (Refer to Note 2.9)	15,83,71,747	12,19,04,775
Total	15,83,71,749	12,21,95,327

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 ₹13,69,24,964 and ₹1,020,63,047 as of December 31, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, the Company had cash and cash equivalents of ₹85,58,985 and ₹43,39,355, respectively

As of December 31, 2017 and December 31, 2016, the Company had no outstanding borrowings. Accordingly, no liquidity risk is perceived.

2.7 Equity

Equity share capital

in ₹

Particulars	As at December 31,	
	2017	2016
Authorized	29,43,000	29,43,000
Issued, subscribed and paid-up (wholly-owned by Panaya Inc.)	29,43,000	29,43,000
	29,43,000	29,43,000

2.8 Trade payables

in ₹

Particulars	As at December 31,	
	2017	2016
Trade payables	2	2,90,552
	2	2,90,552

2.9 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued expenses	–	305,923
Other payables [(1)]	158,371,747	121,598,852
	158,371,747	121,904,775
Total financial liabilities	158,371,747	121,904,775
Financial liability carried at amortized cost	158,371,747	121,904,775
[(1)] Includes dues to related parties (Refer to Note 2.14)	158,371,747	121,598,852

2.10 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2017	2016
Current taxes	4,89,073	53,260
Deferred taxes	–	–
Income tax expense	4,89,073	53,260

Current tax expense for the year ended December 31, 2016 includes reversals amounting to ₹5,63,892 pertaining to prior period.

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,	
	2017	2016
Profit before income taxes	15,67,976	57,29,823
Enacted tax rates in Japan	50.00%	50.00%
Computed expected tax expense	7,83,988	28,64,911
Tax reversals	–	(5,63,892)
Effect of unrecognized deferred tax assets	(5,09,592)	(22,47,760)
Tax provisions	1,68,237	–
Others	46,440	–
Income tax expense	4,89,073	53,260

The applicable statutory tax rate in Japan for the year ending December 31, 2017 and December 31, 2016 is 50%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	As at December 31,	
	2017	2016
Income tax assets	–	–
Current income tax liabilities	57,391	3,32,974
Net current income tax assets / (liability) at the end	(57,391)	(3,32,974)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	Year ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(3,32,974)	(9,34,821)
Income tax paid	2,72,164	2,56,248
Current income tax expense (Refer to Note 2.10)	(4,89,073)	(53,260)
Translation difference	4,92,492	3,98,859
Net current income tax asset / (liability) at the end	(57,391)	(3,32,974)

2.11 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2017	2016
Income from software services	3,79,57,804	6,46,51,995
	3,79,57,804	6,46,51,995

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2017	2016
Interest received on financial assets		
Deposit with bank and others	43	274
Exchange gains / (losses) on translation of other assets and liabilities	–	2,41,650
Miscellaneous income, net	38,24,961	25,10,077
	38,25,004	27,52,001

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	–	6,61,581
Staff welfare	–	854
	–	6,62,435

in ₹

Particulars	Year ended December 31,	
	2017	2016
Other expenses		
Repairs and maintenance	1,97,232	4,21,692
Communication expenses	3,940	7,857
Operating lease payments	7,23,751	29,24,300
Rates and taxes	–	15,444
Commission charges	1,07,83,193	1,76,59,728
Loss on sale of assets	1,89,893	–
Others	1,61,695	3,05,114
	1,20,59,704	2,13,34,136

2.14 Related party transactions

List of related parties

Name of holding company	Country	Holding as at December 31,	
		2017	2016
Panaya Inc. (Panaya)	US	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India
Kallidus Inc. (Kallidus) (1)	US
Infosys Chile SpA (2)	Chile
Infosys Americas Inc., (Infosys Americas) (1)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1) (19)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) (1)	US
Infosys Canada Public Services Ltd.(3)(4)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) (18)	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland

Name of subsidiary	Country
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

List of associates

Name of the associate	Country
DWA Nova LLC [1]	US

[1] Associate of Infosys Nova Holdings LLC.

[2] DWA Nova LLC, has been liquidated w.e.f. November 17, 2017.

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

in ₹

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Panaya Ltd	13,69,24,964	10,20,63,047
	13,69,24,964	10,20,63,047
Other payables		
Panaya Ltd.	15,83,71,747	12,15,98,852
	15,83,71,747	12,15,98,852

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

in ₹

Particulars	Year Ended December 31,	
	2017	2016
Revenue transactions		
Sale of services		
Panaya Ltd.	3,79,57,804	6,46,51,995
	3,79,57,804	6,46,51,995

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 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 CONSULTING S.R.O.

Independent Auditors' Report

To the Members of Infosys Consulting s.r.o.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Infosys Consulting s.r.o. ('the Company'), which comprises the Balance Sheet as at December 31,2017, 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 'Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,27,132	2,33,397
Income tax assets, net	2.11	34,65,470	22,44,587
Total non-current assets		35,92,602	24,77,984
Current assets			
Financial assets			
Trade receivables	2.3	25,45,014	47,23,153
Cash and cash equivalents	2.4	4,89,13,492	4,22,65,056
Other financial assets	2.2	79,096	1,07,053
Other current assets	2.5	4,08,949	4,43,528
Total current assets		5,19,46,551	4,75,38,790
Total assets		5,55,39,153	5,00,16,774
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	7,89,777	7,89,777
Other equity		4,65,78,565	3,70,91,849
Total equity		4,73,68,342	3,78,81,626
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	1,40,190	29,772
Other financial liabilities	2.8	47,24,545	79,70,146
Other current liabilities	2.10	14,01,895	16,58,844
Income tax liabilities, net	2.11	19,04,181	24,76,386
Total current liabilities		81,70,811	1,21,35,148
Total equity and liabilities		5,55,39,153	5,00,16,774

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 Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2018

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue from operations	2.12	3,63,95,600	8,05,72,583
Other income, net	2.13	3,47,627	14,993
Total income		3,67,43,227	8,05,87,576
Expenses			
Employee benefit expenses	2.14	2,26,79,685	4,55,68,223
Travel expenses		65,57,928	1,71,72,063
Communication expenses		11,41,354	16,34,106
Consultancy and professional charges		33,97,385	57,59,313
Depreciation expenses	2.1	2,33,187	2,09,108
Other expenses	2.14	7,76,636	15,10,741
Total expenses		3,47,86,175	7,18,53,554
Profit before tax		19,57,052	87,34,022
Tax expense			
Current tax	2.11	(23,14,854)	56,42,665
Profit for the year		42,71,906	30,91,357
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		52,14,810	(6,46,419)
Total other comprehensive income, net of tax		52,14,810	(6,46,419)
Total comprehensive income for the year		94,86,716	24,44,938
Earnings per equity share			
Equity shares of par value CZK 1/- each			
Basic and diluted		21.36	15.46
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 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 9, 2018

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	Other items of other comprehensive income	
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 year	–	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
Changes in equity for the year ended December 31, 2017					
Currency translation	–	–	–	52,14,810	52,14,810
Profit for the year	–	42,71,906	–	–	42,71,906
Balance as of December 31, 2017	7,89,777	4,34,75,231	58,464	30,44,870	4,73,68,342

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 Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2018

Statement of Cash Flows

in ₹

Particulars	Years ended December 31,	
	2017	2016
Cash flows from operating activities		
Profit for the year	42,71,906	30,91,357
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	2,33,187	2,09,108
Income tax expense	(23,14,854)	56,42,665
Allowance for credit losses on financial assets	–	486
Interest and dividend income	–	(4,076)
Exchange differences on translation of assets and liabilities	51,80,655	(6,58,065)
Changes in assets and liabilities		
Trade receivables	21,78,139	5,78,58,543
Loans and other financial assets and other assets	62,536	(1,69,897)
Trade payables	1,10,418	(24,34,845)
Other financial liabilities, other liabilities and provisions	(35,02,550)	(2,73,32,160)
Cash generated from operations	62,19,437	3,62,03,116
Income taxes paid	5,21,766	(92,53,530)
Net cash generated by operating activities	67,41,203	2,69,49,586
Cash flow from investing activities		
Expenditure on Property, plant and equipment, net of sale proceeds	(92,767)	–
Net cash (used in) / from investing activities	(92,767)	4,076
Cash flow from financing activities		
Net cash from financing activities	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	66,48,436	2,69,53,662
Cash and cash equivalents at the beginning of the year	4,22,65,056	1,53,11,394
Cash and cash equivalents at the end of the year	4,89,13,492	4,22,65,056

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 Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Peter Fischer
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Robert Boreczek
Director

Bengaluru
January 9, 2018

Infosys Consulting s.r.o. 'the Company' 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.

Effective January 1, 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 with January 1, 2015 as the transition date. 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 revenues 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.

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 and other indirect 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 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 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 equipmentare ready for use, as intended by the Management. The Company depreciates Property, plant and equipmentover 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 equipmentis are 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 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 equipmentare 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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 revenues 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.

2.1 Property, plant and equipment

The changes in the carrying value of Property, plant and equipmentfor the year ended December 31, 2017 are as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2017	5,88,050	5,88,050
Additions[(1)]	92,767	92,767
Translation difference	93,289	93,289
Gross carrying value as of December 31, 2017	7,74,106	7,74,106
Accumulated depreciation as of January 1, 2017	(3,54,653)	(3,54,653)
Depreciation	(2,33,187)	(2,33,187)
Translation difference	(59,134)	(59,134)
Accumulated depreciation as of December 31, 2017	(6,46,974)	(6,46,974)
Carrying value as of December 31, 2017	1,27,132	1,27,132

(1) Includes asset purchased from related parties (Refer to Note 2.16)

The changes in the carrying value of Property, plant and equipmentfor the year ended December 31, 2016 are as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	5,92,488	5,92,488
Translation difference	(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 difference	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 April 1, 2016	4,30,859	4,30,859

2.2 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Rental deposits [1]	46,038	40,803
Others [1]	33,058	66,250
	79,096	1,07,053
[1] Financial assets carried at amortized cost	79,096	1,07,053

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good [1]	25,45,014	47,23,153
	25,45,014	47,23,153
[1] Includes dues from related parties (Refer to Note 2.16)	24,06,005	47,23,148

2.4 Cash and Cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current accounts	4,89,13,492	4,22,65,056
	4,89,13,492	4,22,65,056

2.5 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Prepaid expenses	27,923	36,024
Withholding taxes and others	3,81,026	4,07,504
Total other assets	4,08,949	4,43,528

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments are as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note 2.4)	4,89,13,492	4,22,65,056
Trade receivables (Refer to Note 2.3)	25,45,014	47,23,153
Other financial assets (Refer to Note 2.2)	79,096	1,07,053
Total	5,15,37,602	4,70,95,262
Liabilities		
Trade payables (Refer to Note 2.9)	1,40,190	29,772
Other financial liabilities (Refer to Note 2.8)	32,99,281	61,39,266
Total	34,39,471	61,69,038

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 ₹25,45,014 and ₹47,23,153 as of December 31, 2017 and December 31, 2016, respectively. Majority of trade receivables are derived from revenues earned from companies within the group. 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, 2017, the Company had a working capital of ₹4,37,75,740 including cash and cash equivalents of ₹4,89,13,492. 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.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2017	As at December 31, 2016
Authorized		
2,00,000 (2,00,000) Equity Shares of CZK 1 par value		
[Of the above, 2,00,000 (2,00,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]	7,89,777	7,89,777
Issued, subscribed and paid up		
2,00,000 (2,00,000) Equity Shares of CZK 1 par value	7,89,777	7,89,777
[Of the above, 2,00,000 (2,00,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]		
	7,89,777	7,89,777

The details of shareholders holding more than 5% shares are as follows:

Name of the shareholder	As at December 31, 2017		As at December 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	2,00,000	100	2,00,000	100

2.8 Other financial liabilities

in ₹

Particulars	As at December 31, 2017	As at December 31, 2016
Current		
Others		
Accrued compensation to employees	16,09,158	31,51,297
Accrued expenses	12,57,255	13,75,489
Compensated absences	14,25,264	18,30,880
Other payables [(1)]	4,32,868	16,12,480
	47,24,545	79,70,146
Total financial liabilities	47,24,545	79,70,146
Financial liability carried at amortized cost	32,99,281	61,39,266
[(1)] Includes dues to related parties (Refer to Note 2.16)	2,26,243	45,583

2.9 Trade payables

in ₹

Particulars	As at December 31, 2017	As at December 31, 2016
Trade payables [(1)]	1,40,190	29,772
	1,40,190	29,772
[(1)] Includes dues to fellow subsidiaries (Refer to Note 2.16)	98,398	29,772

2.10 Other liabilities

in ₹

Particulars	As at December 31, 2017	As at December 31, 2016
Current		
Others		
Withholding taxes and others	14,01,895	16,58,844
	14,01,895	16,58,844

2.11 Income taxes

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

in ₹

Particulars	Years ended December 31, 2017	Years ended December 31, 2016
Current taxes	(23,14,854)	56,42,665
Income tax expense	(23,14,854)	56,42,665

Current tax expense for the year ended December 31, 2017 and December 31, 2016 includes reversals (net of provisions) amounting to ₹26,86,694 and provisions (net of reversals) amounting ₹ 36,54,766, 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	Years ended December 31, 2017	Years ended December 31, 2016
Profit before income tax	19,57,052	87,34,022
Enacted tax rates in Czech Republic (%)	19.00%	19.00%
Computed expected tax expense	3,71,840	16,59,464
Tax provisions / (reversals)	(26,86,694)	36,54,766
Others	–	3,28,435
Income tax expense	(23,14,854)	56,42,665

The applicable Czech Republic statutory tax rate for fiscal 2017 and fiscal 2016 is 19%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	Years ended December 31, 2017	Years ended December 31, 2016
Income tax assets	34,65,470	22,44,587
Current income tax liabilities	19,04,181	24,76,386
Net current income tax assets / (liability) at the end	15,61,289	(2,31,799)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Net current income tax asset / (liability) at the beginning	(2,31,799)	(38,42,664)
Income tax paid	(5,21,766)	92,53,530
Current income tax expense	23,14,854	(56,42,665)
Net current income tax asset / (liability) at the end	15,61,289	(2,31,799)

2.12 Revenue from operations

in ₹

Particulars	Years ended December 31,	
	2017	2016
Income from Consultancy services	3,63,95,600	8,05,72,583
	3,63,95,600	8,05,72,583

2.13 Other income

in ₹

Particulars	Years ended December 31,	
	2017	2016
Interest received on financial assets Carried at amortized cost		
Deposits with banks and others	–	4,076
Miscellaneous income, net	3,47,627	10,917
	3,47,627	14,993

2.14 Expenses

in ₹

Particulars	Years ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	2,26,67,992	4,55,26,302
Staff welfare	11,693	41,921
	2,26,79,685	4,55,68,223

in ₹

Particulars	Years ended December 31,	
	2017	2016
Other expenses		
Brand and marketing	25,621	1,40,564
Operating lease payments	1,00,290	1,47,132
Rates and taxes	53,049	58,550
Repairs and maintenance	–	16,032
Exchange gains / (losses) on translation of other assets and liabilities	4,80,434	10,45,519
Allowances for credit losses on financial assets	–	486
Others	1,17,242	1,02,458
	7,76,636	15,10,741

2.15 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Years ended December 31,	
	2017	2016
Lease rentals recognized during the period	1,04,016	1,47,132

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,	
	2017	2016
Not later than 1 year	–	92,188

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

2.16 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31, 2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the utimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) (1)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) (1)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) (1)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) (1)	US
EdgeVerve Systems Limited (EdgeVerve) (1)	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) (1)	India
Kallidus Inc. (Kallidus) (1)	US
Infosys Chile SpA (1)(2)	Chile
Infosys Americas Inc., (Infosys Americas) (1)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1) (19)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) (1)	US
Infosys Canada Public Services Ltd.(3)(4)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) (18)	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland
Infosys McCamish Systems LLC (5)	US
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) (1)	Switzerland
Lodestone Management Consultants Inc. (6)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France
Lodestone Management Consultants GmbH (6)	Austria
Lodestone Management Consultants Co., Ltd. (6)	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) (6)	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland
Lodestone Augmentis AG (8)(9)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil
Panaya Inc. (Panaya) (1)	US
Panaya Ltd.(11)	Israel
Panaya GmbH (11)	Germany
Panaya Japan Co. Ltd.(11)	Japan
Panaya Pty Ltd.(11)(12)	Australia
Noah Consulting LLC (Noah) (13)	US
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada

Name of the subsidiary	Country
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-owned subsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

List of associates

Name of the associate	Country
DWA Nova LLC[1][2]	US

(1) Associate of Infosys Nova Holdings LLC.
(2) DWA Nova LLC, has been liquidated w.e.f. Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Trade receivables		
Infosys Consulting AG	10,05,201	8,63,855
Infy Consulting Company Ltd.	–	8,68,581
Lodestone Management Consultants Sp. z.o.o.	–	4,17,834
Infosys Consulting GmbH	14,00,804	25,72,878
	24,06,005	47,23,148
Trade payables		
Infosys Consulting GmbH	–	29,772
Infy Consulting Company Ltd.	98,398	–
	98,398	29,772
Other financial liabilities		
Infosys Ltd.	1,49,415	45,583
Infosys Consulting GmbH	76,828	–
	2,26,243	45,583

in ₹

Particulars	As at December 31	
	2017	2016
Capital transactions		
Financing transactions		
Transfer of fixed assets		
Lodestone Management Consultants Sp. z.o.o.	92,767	5,61,681
	92,767	5,61,681

Particulars	As at December 31	
	2017	2016
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Sp. z.o.o.	–	1,85,950
Infosys Consulting GmbH	3,112	29,773
Infosys Consulting AG	6,80,336	14,66,558
Infy Consulting Company Ltd	97,411	–
	7,80,859	16,82,281
Sale of services		
Lodestone Management Consultants Sp. z.o.o.	11,60,015	18,32,526
Infy Consulting Company Ltd.	87,00,747	98,34,065
Infosys Consulting AG	22,38,432	40,43,561
Infosys Consulting GmbH	2,42,96,405	5,24,24,753
	3,63,95,599	6,81,34,905

2.17 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 the 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.

BRILLIANT BASICS (MENA) DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Independent Auditors' Report

To the shareholder of M/s. BRILLIANT BASICS (MENA) DMCC, United Arab Emirates.

Report on the Financial Statements

Opinion

We have audited the accompanying annual financial statements of M/s. Brilliant Basics (MENA) DMCC, Dubai, United Arab Emirates ('the Company') which comprise of the financial position as at December 31, 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows, for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of M/s. Brilliant Basics (MENA) DMCC, Dubai, United Arab Emirates, as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standard 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 requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We draw attention to Note 16 to the financial statements. The accompanying financials statements have been prepared assuming that the company will be continuing as a going concern, which contemplate the realization of assets and the satisfaction of liabilities in the normal course of business; and this depends on the continuing financial support of the shareholder and related parties.

Managements' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, in compliance with the provisions of the applicable law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of accounting unless management either intend to liquidate the (Company) or to cease operations, or has no realistic alternative but to do so.

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 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 disclosure 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.

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 the internal control that we identify during our audit.

Report on other legal and regulatory requirement

As required by the provisions of the Implementing Regulations of Law No. (4) of 2001 and order dated May 1, 2002 in respect of Establishing Dubai Multi Commodities Centre Authority and its amendments has been satisfied, we further confirm that:

1. We are not aware of any contraventions during the year of the above mentioned law or the (Company's) Articles of Association, which may have material effect on the financial position of the (Company) or the result of its operations for the year.

for Axis Auditing & Accounting
Auditors & Business Consultants

Dr. Redha Darwish Al Rahma

Ref. No. 368, Dubai, UAE

April 26, 2018

File number : AAA/9330/18

Statement of Financial Position

in AED

Particulars	Note no.	As at December 31,	
		2017	2016
ASSETS			
Non-current assets			
Property and equipment	4	4,803	7,423
Total non-current assets		4,803	7,423
Current assets			
Trade and other receivables	5	742,562	2,577,607
Cash and cash equivalents	6	51,525	344,673
Total current assets		794,087	2,922,280
Total assets		798,890	2,929,703
EQUITY AND LIABILITIES			
Equity			
Share capital	2	50,000	50,000
Retained earnings		(22,364)	(3,280,906)
Shareholder's current account		(110,389)	(160,390)
Total equity		(82,753)	(3,391,296)
Liabilities			
Non-current liabilities			
Long-term loan	7	509,569	6,043,957
Total non-current liabilities		509,569	6,043,957
Current liabilities			
Trade and other payables	8	372,074	277,042
Total current liabilities		372,074	277,042
Total liabilities		881,643	6,320,999
Total equity and liabilities		798,890	2,929,703

The notes on pages 612 to 614 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on April 26, 2018.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 606 and 607

Statement of Comprehensive Income

in AED

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue		1,134,619	3,890,871
Cost of revenue	9	(1,197,196)	(2,477,018)
Gross (loss) / profit		(62,577)	1,413,853
Administration expenses	10	(809,261)	(1,074,412)
Depreciation	4	(2,620)	(2,620)
Operating (loss) / profit for the year		(874,458)	336,821
Other income	11	4,422,384	–
Exchange loss		(274,946)	–
Finance charges		(14,438)	(26,891)
Profit for the year		3,258,542	309,930
Other comprehensive income		–	–
Total comprehensive income for the year		3,258,542	309,930

The notes on pages 612 to 614 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on April 26, 2018.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 606 and 607

Statement of Changes in Equity

in AED

Particulars	Share capital	Retained earnings	Shareholders' Current account	Total equity
As at 1st January, 2016	50,000	(3,590,836)	–	(3,540,836)
Total comprehensive income for the year	–	309,930	–	309,930
Net Movement for the year	–	–	(160,390)	(160,390)
Balance at December 31, 2016	50,000	(3,280,906)	(160,390)	(3,391,296)
Total comprehensive income for the year	–	3,258,542	–	3,258,542
Net movement for the year	–	–	50,001	50,001
Balance at December 31, 2017	50,000	(22,364)	(110,389)	(82,753)

The notes on pages 612 to 614 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on April 26, 2018.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 606 and 607

Statement of Cash Flows

in AED

Particulars	As at December 31,	
	2017	2016
Cash flows from operating activities		
Profit for the year	3,258,542	309,930
Adjustment for		
Depreciation	2,620	2,620
	3,261,162	312,550
Changes in working capital		
Trade and other receivables	1,835,045	(1,555,152)
Trade and other payables	95,032	273,892
Cash generated from operations	5,191,239	(968,710)
Net cash generated from operating activities	5,191,239	(968,710)
Cash flows from financing activities		
Loan	(5,534,388)	434,431
Net change in shareholders' current account	50,001	(160,390)
Net cash used in financing activities	(5,484,387)	274,041
Net cash movement for the year	(293,148)	(694,669)
Cash and cash equivalents at beginning of the year	344,673	1,039,342
Cash and cash equivalents at end of the year	51,525	344,673

The notes on pages 612 to 614 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on April 26, 2018.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 606 and 607

Notes to the financial statements

1. Legal status and activities

BRILLIANT BASICS (MENA) DMCC was registered in Dubai Multi Commodities Centre, Dubai, on 6th November, 2014 under Registration Number DMCC20821 and under Service License Number DMCC-087203, as a free zone company with limited liability pursuant to Law no. (4) of 2001 and order dated May 1, 2002 in respect of Establishing Dubai Multi Commodities Centre Authority. The registered address (of the Company) is Unit No: 863, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.

The Company is primarily engaged in the business of Information Technology Consultants, Internet Consultancy, Computer Consultancies and Internet Content Provider and Web-Design.

The Company is managed by Anand Kumar Verma, a British national.

2. Shareholding

The shareholding of the Company is as follows:

in AED

Name	No. of shares	Value per share	Total value	%
1. M/s Brilliant Basics Holding Ltd.	50	1,000	50,000	100
	50		50,000	100

The authorized and paid up share capital (of the Company) is AED 50,000/- divided into 50 shares of each AED 1,000/-only.

Anand Kumar Verma holding 50 Shares (of AED 1,000 each) has transferred his shareholding to M/s. Brilliant Basics Holdings Limited, on 28th June 2017.

The authorized and paid up share capital of M/s Brilliant Basic Holding Ltd. is held by M/s Infosys limited.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards. (IFRS).

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under (IFRSs).

3.3 Foreign currency transactions

Foreign currency transactions are recorded in UAE Dirhams at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the statement of financial position date are translated into UAE Dirhams at the year-end rate of exchange. All foreign currency gains or losses are booked in the statement of comprehensive income as and when they arise.

3.4 Revenue recognition

Revenue on rendering of services is recognized as per the terms of the contracts with the customers and comprises the invoiced value of services (net of discounts) rendered during the year.

3.5 End of service benefits

Amount payable to employees under the UAE labor law applicable to employees' accumulated year of service at the year-end date are accounted for on payment basis.

3.6 Property and equipment depreciation

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is computed on straight-line basis using the following rate :

	Percentage
Office equipment	20

Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of disposal of property and equipment. Repairs and renewals are charged to statement of comprehensive income as and when the expenditure is incurred.

4. Property and equipment

in AED

Particulars	As at December 31,	
	Office equipment	Total
Cost		
As at 1st January, 2017	13,100	13,100
As at 31st December, 2017	13,100	13,100
Accumulated depreciation		
As at 1st January, 2017	5,677	5,677
Charge for the year	2,620	2,620
As at 31st December, 2017	8,297	8,297
Net book value		
As at 31st December, 2017	4,803	4,803
As at 31st December, 2016	7,423	7,423

5. Trade and other receivables

in AED

Particulars	Note no.	As at December 31,	
		2017	2016
Trade Rreceivables		36,700	1,325,564
Accrued Rrevenue		173,731	276,220
Prepayments		45,916	–
Deposit (rent)		1,215	–

Particulars	Note no.	As at December 31,	
		2017	2016
Marginal Ddeposit	5.1	485,000	975,823
		742,562	2,577,607

5.1 The above represents balance held with HSBC Bank against performance bond.

6. Cash and cash equivalents

in AED

Particulars	As at December 31,	
	2017	2016
Cash at bank	51,525	344,673
	51,525	344,673

7. Long term loan

in AED

Particulars	Note no.	As at December 31,	
		2017	2018
Loan from related parties	12	509,569	6,043,957
		509,569	6,043,957

8. Trade and other payables

in AED

Particulars	As at December 31,	
	2017	2016
Trade payables	84,646	155,348
Accrued expense	267,043	121,694
Provision for leave	20,385	–
	372,074	277,042

9. Cost of revenue

in AED

Particulars	Years ended December 31,	
	2017	2016
Direct cost	1,197,196	2,477,018
	1,197,196	2,477,018

10. Administration expenses

in AED

Particulars	Years ended December 31,	
	2017	2016
Legal, visa and professional fees	55,961	46,225
Salary and other allowances	721,236	879,146
Rent	13,975	18,000
Stationery	–	8,950
Travelling expenses	13,589	80,379
Communication and utilities	–	30,017
Insurance	–	750
Entertainment	–	214
Maintenance expenses	–	5,000
Carriage	4,500	–
Office expenses	–	5,731
	809,261	1,074,412

11. Other income

in AED

Particulars	Note no.	As at December 31,	
		2017	2016
Inter - company payable written off	11.1	4,422,384	–
		4,422,384	–

11.1 Represent inter - company payable waived-off by the M/s Brilliant Basics Ltd. vide resolution dated September 7, 2017 for AED 3,438,565 and M/s Brilliant Basics (HK) Ltd. vide resolution dated September 7, 2017 for AED 983,819.

12. Related party transactions

Related parties include the ultimate parent company, the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. All the related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. For the year ended December 31, 2017 the Company has not recorded any impairment of receivables relating to amounts owed by related parties. The Pricing policies and terms of these transactions are approved by the Company's Management.

A List of related parties and relationship

I. Entities with whom the reporting entity has transactions

Brilliant Basics Holding Limited	(BBHL)	Parent Company
Brilliant Basics (HK) Limited	(BBHKL)	Sister Company

II. Key management personnel

Anand Kumar Verma, Managing Director

B Balances with related parties

in AED

As at December 31, 2017	BBHL	BBHKL	Total
Working capital loan	509,569	–	509,569
	509,569	–	509,569

in AED

As at December 31, 2016	BBHL	BBHKL	Total
Working capital loan	5,060,138	983,819	6,043,957
	5,060,138	983,819	6,043,957

C Transactions with related parties

in AED

Transactions during the year 2017	BBHL	BBHKL	Total
Opening balance as at January 1,2017	5,060,138	983,819	6,043,957
Expenses cleared by parent company	1,294,617	–	1,294,617
Repayments	(2,406,621)	–	(2,406,621)
Inter-Company debt write-off	(3,438,565)	(983,819)	(4,422,384)
Closing Balance as at December 31, 2017	509,569	–	509,569

13. Fair value of financial instruments

The (Company's) financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

14. Interest rate risk

Significant financial instruments, other assets and other liabilities (of the Company) as at December 31, 2017 are not interest based.

15. Exchange rate risk

Apart from a minor balance in GBP and Euros, the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including revenue and expenses are in UAE Dirhams or US$, the (Company) is not exposed to a significant exchange rate risk.

16. Going concern

The financial statements have been prepared on a going concern basis. During the year to December 31st, 2017, the company has a profit of AED 3,258,542/- (containing income from loan liabilities written off by related parties of AED 4,422,384) and as on December 31, 2017 has a shareholder's deficit of AED 82,753/- (deficit of AED 3,391,296/- as on December 31, 2016).

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, as the shareholder has confirmed their continuing financial support for the company.

17. Credit Risk

The balances with banks are assessed to have low credit risk by default since the banks are among the major banks operating in the UAE and are highly regulated by the Central Bank.

18. Liquidity Risk

The Management maintains adequate reserve, bank balance and support from shareholder by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial asset and liabilities. The company ensures that it has sufficient cash on demand to meet expected operational expenses.

19. Contingencies and commitments

Except for ongoing business commitments, which are in the normal course of business as at December 31, 2017, the Company incurred contingencies and commitments as follows:.

in AED

Particulars	As at December 31,	
	2017	2016
Performance bond	485,000	–
	485,000	–

20. Comparative figures

Previous year's figures have been reclassified / regrouped wherever necessary to confirm to the presentation adopted in these financial statements. Figures (of the Company) have been rounded off to the nearest AED 1/-.

The notes on pages 612 to 614 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on April 26, 2018.

For Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 606 and 607

INFOSYS MANAGEMENT CONSULTING PTY. LIMITED

Independent Auditors' Report to the Board of Directors of Infosys Management Consulting Pty. Limited

Deloitte Touche Tohmatsu
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Opinion

We have audited the financial report of Infosys Management Consulting Pty. Limited (the 'Company') which comprises the statement of financial position as at December 31, 2017, the Statement of Profit and Loss and other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company financial position as at December 31, 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditors' report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended December 31, 2017, but does not include the financial report and our auditors' report thereon.

Our opinion on the financial report 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 report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the directors' 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 report 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 report, including the disclosures, and whether the financial report represents 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 control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

Harsh Shah
Partner
Chartered Accountants

Sydney
February 28, 2018

Statement of Financial Position

in AU$

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
Assets			
Cash and cash equivalents	8	3,371,383	2,453,480
Trade and other receivables	9	2,041,123	556,935
Other assets		20,305	28,376
Total current assets		5,432,811	3,038,791
Property, plant and equipment	10	45,975	128,750
Net deferred tax assets	7a	667,862	–
Total non-current assets		713,837	128,750
Total assets		6,146,648	3,167,541
Liabilities			
Trade payables	11	(53,236)	(279,941)
Other payables	12	(751,414)	(934,703)
Loans and borrowings	15	(1,206,136)	(3,668,344)
Current tax liabilities		–	(156,414)
Provisions	14	(1,591,665)	(1,563,754)
Deferred income	13	(30,228)	(80,006)
Total current liabilities		(3,632,679)	(6,683,162)
Provisions	14	(375,085)	(394,194)
Total non-current liabilities		(375,085)	(394,194)
Total liabilities		(4,007,764)	(7,077,356)
Surplus / (deficiency) in net assets		2,138,884	(3,909,815)
Equity			
Share capital	16	3,500,300	300
Accumulated losses		(1,361,416)	(3,910,115)
Surplus / (deficiency) in equity		2,138,884	(3,909,815)

The notes are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

in AU$

Particulars	Note no.	For the years ended December 31,	
		2017	2016
Revenue	5	27,651,167	29,514,989
Cost of sales	6b	(23,115,652)	(26,519,399)
Gross profit		4,535,515	2,995,590
Administrative expenses	6d	(839,970)	(997,062)
Other expenses	6c	(1,894,689)	(1,886,876)
Operating profit		1,800,856	111,652
Finance income	6a	–	3,318
Finance costs	6a	(129,288)	(137,836)
Net finance costs		(129,288)	(134,518)
Profit / (loss) before tax		1,671,568	(22,866)
Income tax expense	7b	877,131	(156,414)
Profit / (loss) for the year		2,548,699	(179,280)
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 / (loss)		2,548,699	(179,280)

The notes are an integral part of these financial statements.

Statement of Changes in Equity

in AU$

	Share capital	Accumulated losses	Deficiency in equity
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)
Balance as at January 1, 2017	300	(3,910,115)	(3,909,815)
Total other comprehensive income	–	–	–
Profit for the year	–	2,548,699	2,548,699
Total comprehensive income	–	2,548,699	2,548,699
Transactions with owners of the Company			
Issue of ordinary shares	3,500,000	–	–
Dividends to equity holder	–	–	–
Total transactions with owners of the Company	–	–	–
Balance as at December 31, 2017	3,500,300	(1,361,416)	(2,138,884)

The notes are an integral part of these financial statements.

Statement of Cash Flows

in AU$

Particulars	Note	For the years ended December 31,	
		2017	2016
Cash flows from operating activities			
Cash receipts from customers		28,890,390	36,319,059
Cash paid to suppliers and employees		(28,964,248)	(34,190,953)
Cash (used in) / generated from operations		(73,858)	2,128,106
Interest (paid) / received net	6a	(89,386)	(107,251)
Income tax refund received		52,856	–
Net cash (used in) / from operating activities	18	(110,388)	2,020,855
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,501)	(71,019)
Net cash used in investing activities		(9,501)	(71,019)
Cash flows from financing activities			
Proceeds from issue shares from parent company		3,500,000	–
Proceeds from / (repayment of) borrowings from holding company		(2,462,208)	427,271
Net cash from financing activities		1,037,792	427,271
Net increase in cash and cash equivalents		917,903	2,377,107
Cash and cash equivalents as at January 1		2,453,480	76,373
Cash and cash equivalents as at December 31		3,371,383	2,453,480

The notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Infosys Management Consulting Pty. Ltd (the 'Company'), previously Lodestone Management Consultants Pty. Limited, is a company domiciled in Australia, whereby the Company's name was changed on 1 February 2016. The address of the Company's registered office is Level 10, 77 Pacific Highway. PO Box 1885 North Sydney, NSW 2060 Australia. The financial statements of the Company are as at and for the year ended December 31, 2017. The Company is a for-profit entity and is primarily involved in specialized IT consulting service.

2. Basis of preparation

(a) Statement of compliance

The Company is for profit entity and the financial statements have been prepared as a general purpose financial report to satisfy the directors' reporting requirements under Corporations Act, 2001. Reduced disclosure regime has been adopted in the preparation of these financial statements.

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 financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act, 2001.

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

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

AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Change in Accounting Estimates and Errors
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

The annual financial statements were authorized by the directors on February 28, 2018.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires the 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 revized and in any future periods affected.

3. Significant accounting policies

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

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between 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 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 onthe 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 for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is 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 amortized 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 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 continuing 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 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 management's judgment 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 the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee expense in profit and loss 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 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 (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 / 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 (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 are 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 whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

A deferred tax asset is recognized for unuzed 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 2018, 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 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. The Company is currently evaluating the effect of AASB 15 and AASB 9 on its financial statements. The Company is yet to evaluate the impact of AASB 16 on its financial statement.

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. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(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.

5. Revenue

in AU$

Particulars	For the year ended December 31,	
	2017	2016
Related party revenue	27,019,727	26,947,190
Third party revenue	631,440	2,567,799
Total	27,651,167	29,514,989

As at December 31, 2017, the Company has deferred revenue of AU$ 30,228 (2015 : AU$ 80,006), which represents the fair value of that portion of the revenue. (Refer to Note 13).

6a. Finance income and finance costs

in AU$

Finance income	2017	2016
Interest received	–	3,318
	–	3,318
Finance costs		
Interest expense on loan and borrowings	(89,386)	(110,569)
Net unrealized / realized foreign currency loss	(39,902)	(27,267)
	(129,288)	(137,836)
Net finance (expense)	(129,288)	(134,518)

6b. Cost of sales

in AU$

Particulars	For the year ended December 31,	
	2017	2016
Travel	1,494,478	1,153,075
Employee benefits expense	16,163,088	18,261,599
External contractor expense	5,458,086	7,104,725
	23,115,652	26,519,399

6c. Other expenses

in AU$

Particulars	For the year ended December 31,	
	2017	2016
Depreciation expense	90,830	184,710
Other expense	1,803,859	1,702,166
	1,894,689	1,886,876

6d. Administrative expenses

in AU$

Particulars	For the year ended December 31,	
	2017	2016
Communications	350,751	365,532
Legal and accounting	61,079	98,662
Back office expense	53,870	59,817
Employee benefit expense	374,270	473,051
	839,970	997,062

6e. Employee expense

in AU$

Particulars	For the year ended December 31,	
	2017	2016
Employee salary	13,545,410	16,067,359
Employee bonus	818,164	1,207,595
Annual leave and long service leave	(119,983)	(1,154,336)
Superannuation	1,343,617	1,606,276
Other employee related expenses	1,116,803	1,197,299
	16,704,011	18,924,193

7. Tax expense

in AU$

Particulars	For the year ended December 31,	
	2017	2016
(a) Deferred tax asset		
Deferred tax assets – timing differences	(616,108)	–
Deferred tax assets – carry forward losses	(61,692)	–
Deferred tax liabilities	9,938	–
	(667,862)	–

in AU$

Particulars	For the year ended December 31,	
	2017	2016
(b) Reconciliation of effective tax rate		
Profit / (loss) before tax	1,671,568	(22,866)
Tax using the Company's domestic tax rate of 30% (2016 : 30%)	501,470	(6,860)
Recognition of previously unrecognized timing differences	(652,729)	–
Recognition of previously unrecognized unused tax losses	(545,643)	–
Derecognition of the current period tax losses and temporary difference	–	(6,291)
Non-deductible tax expenses	29,040	13,151
Derecognition of previously recognized tax expense	(52,855)	–
Tax (reversal) / expense in a foreign jurisdiction	(156,414)	156,414
Income tax expense for the year	(877,131)	156,414

8. Cash and cash equivalents

in AU$

Particulars	As at December 31,	
	2017	2016
Cash and cash equivalents	3,371,383	2,453,480

9. Trade and other receivables

in AU$

Particulars	As at December 31,	
	2017	2016
Trade receivable due from related party	1,967,511	21,000
Trade receivable – external parties	–	448,810
Other receivables	73,612	27,846
Work in progress	–	59,279
	2,041,123	556,935

The average credit period on sale is 30 days.

10. Property, plant and equipment

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
As at December 31, 2016	22,457	106,293	–	128,750

in AU$

Particulars	Leasehold improvement / installation	IT Equipment / Office machines	Furniture	Total
Cost				
Balance as at January 1, 2017	205,163	333,217	32,518	570,898
Additions	–	–	9,501	9,501
Disposals / write off	–	(92,107)	–	(92,107)
Balance as at December 31, 2017	205,163	241,110	42,019	488,292
Depreciation and impairment losses				
Balance as at January 1, 2017	(182,706)	(226,924)	(32,518)	(442,148)
Depreciation for the year	(22,457)	(66,374)	(1,999)	(90,830)
Disposals / write off	–	90,661	–	90,661
Balance as at December 31, 2017	(205,163)	(202,637)	(34,517)	(442,317)
Carrying amounts				
As at January 1, 2017	22,457	106,293	–	128,750
As at December 31, 2017	–	38,473	7,502	45,975

11. Trade payables

in AU$

Particulars	As at December 31, 2017	2016
Trade payables due from related party	52,250	276,917
Other trade payables	986	3,024
	53,236	279,941

For the financial year ended December 31, 2017

12. Other payables

in AU$

Particulars	As at December 31, 2017	2016
Accrued superannuation expense	141,167	161,179
Accrued subcontractor expenses	276,907	360,653
Accrued provision for fixed price project	–	–
Other accruals	250,978	265,354
Payroll tax	82,362	(3,970)
Other payable	–	12,665
GST payable	–	138,822
	751,414	934,703

13. Deferred income

in AU$

Particulars	As at December 31, 2017	2016
Revenue billed in advance	30,228	80,006
	30,228	80,006

14. Provisions

Employee benefits

in AU$

Particulars	As at December 31, 2017	2016
Current		
Annual leave	647,737	773,553
Long service leave	56,232	31,290
Accrued bonus	887,696	758,911
Total current	1,591,665	1,563,754
Non-current		
Long service leave	375,085	394,194
Total non-current	375,085	394,194
Total employee provisions	1,966,750	1,957,948

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	As at December 31, 2017	2016
Current liabilities		
Loan due to Infosys Consulting Holding AG	1,206,136	3,668,344
	1,206,136	3,668,344

Interest is payable at 2.5% pa.

16. Capital and reserves

Share capital

Particulars	As at December 31, 2017	2016
In shares		
On issue as at January 1	300	300
Add : shares issued during the year	3,500,000	–
On issue as at December 31	3,500,300	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 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 2016, Nil).

Dividend franking account

in AU$

Particulars	As at December 31, 2017	2016
30 per cent franking credits available to shareholders of Infosys Management Consulting Pty. Limited for subsequent financial years	61,632	549,782
	61,632	549,782

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 payment / 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 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.

17. 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 AU$

Particulars	As at December 31,	
	2017	2016
Short term employee benefits	904,797	918,219

18. Reconciliation of cash flow from operating activities

in AU$

Particulars	As at December 31,	
	2017	2016
Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) for the year after tax	2,548,699	(179,280)
Adjustments for		
Depreciation expense	90,830	184,710
Loss on sales of fixed assets	1,446	53,075
Income tax expense	(877,131)	156,414
Operating profit / (loss) before changes in working capital	1,763,844	214,919
Decrease / (increase) in trade and other receivables	(1,476,116)	3,795,148
(Decrease) / increase in trade and other payables	(409,995)	(970,593)
(Decrease) / increase in provision and employee benefits	(49,778)	(1,076,042)
Increase / (decrease) in deferred income	8,801	57,423
Income tax	52,856	–
Net cash from / (used in) operating activities	(110,388)	2,020,855

19. Related party transactions

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

in AU$

Particulars	As at December 31,	
	2017	2016
Revenue Transactions		
Sale of services		
Infosys Limited	21,235,854	26,380,533
Infosys Consulting GmBH	5,707,137	44,520
Infosys Consulting Pte Ltd	–	489,124
Infosys BPM Limited	76,737	–
Lodestone Management Consultants Inc	–	33,012
	27,019,728	26,947,189
Purchase of services		
Infosys Consulting GmBH	83,291	66,691
Infosys Consulting Pte Ltd	88,442	95,648
Infosys Consulting Sp. Z.o.o		19,037
Infosys Consulting AG	147,761	267,257
	319,494	448,633
Interest expense		
Infosys Consulting Holding AG	86,436	108,078
	86,436	108,078

The details of the amount due to or due from related parties are as follows:

in AU$

Particulars	As at December 31,	
	2017	2016
Trade receivables		
Infosys Limited	1,341,080	–
Infosys Consulting GmBH	559,000	21,000
Infosys Consulting AG	46,390	–
Infosys BPO Limited	21,040	–
	1,967,511	21,000
Trade Payables		
Infosys Consulting GmBH	21,816	66,691
Infosys Consulting Pte Ltd	2,075	95,648
Infosys Limited	24,041	126,070
Infosys Consulting AG	4,318	(12,550)
	52,250	275,859

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	As at December 31,	
	2017	2016
Less than one year	43,642	54,520
Between one and five years	–	–
Total	43,642	54,520

21. Financial instruments

Financial instruments by category

in AU$

	As at December 31,	
	2017	2016
Financial assets		
Cash and cash equivalents	3,371,383	2,453,480
Loans and receivables	1,995,357	556,935
Financial liabilities		
At amortized cost		
Trade payables	(53,236)	(279,941)
Other payables	(527,885)	(626,007)
Loans and borrowings	(1,206,136)	(3,668,344)

22. Auditors' remuneration

in AU$

Particulars	As at December 31,	
	2017	2016
Audit of financial reports*	20,000	30,000
Other services	–	–
Total	20,000	30,000

*The audit fees for 2017 is payable to Deloitte Touche Tohmatsu.

23. Ultimate parent entity

As at, and throughout the financial year ending December 31, 2017, the parent entity of the Company was Infosys Consulting Holding AG, incorporated in Switzerland, and the ultimate parent is Infosys Ltd., India.

24. 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.

25. 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 was net asset deficient as at December 31, 2016, due to accumulated losses from 2011, 2012, 2015 and 2016. However during the year ended December 2017 the ultimate parent entity Infosys Consulting Holding AG has infused additional capital of AU$ 3,500,000. Consequent to this the Company has a positive net assets position as at December 31, 2017. 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.

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INFOSYS NOVA HOLDINGS LLC
(INFOSYS NOVA)

Independent Auditors' Report

To the Members of Infosys Nova Holdings LLC

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Infosys Nova Holdings LLC ('the Company'), which comprises the Balance Sheet as at December 31, 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 'Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 December 31, 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in US$

Particulars	Note no.	As at December 31	
		2017	2016
ASSETS			
Non-current assets			
Investments in associate	2.1	–	15,000,000
Total non-current assets		–	15,000,000
Total assets		–	15,000,000
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	15,000,000	15,000,000
Other equity		(15,000,000)	–
Total equity		–	15,000,000
Total equity and liabilities		–	15,000,000

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
January 9, 2018

for and on behalf of the Board of Directors of
Infosys Nova Holdings LLC

A.G.S. Manikantha
Authorized signatory

Statement of Profit and Loss

in US$

Particulars	Note no.	Years ended December 31	
		2017	2016
Revenue from operations	2.3	–	–
Other income, net	2.4	(15,000,000)	–
Total income		(15,000,000)	–
Expenses			
Total expenses		–	–
Profit / (loss) before tax		(15,000,000)	–
Tax expense		–	–
Profit / (loss) for the year		(15,000,000)	–
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 / (loss) for the year		(15,000,000)	–

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
January 9, 2018

for and on behalf of the Board of Directors of
Infosys Nova Holdings LLC

A.G.S. Manikantha
Authorized signatory

Statement of Cash Flows

in US$

Particulars	Years ended December 31,	
	2017	2016
Cash flow from operating activities		
Profit / (loss) for the year	(15,000,000)	–
Adjustments to reconcile net profit to net cash provided by operating activities		
Investment written off	15,000,000	–
Net cash generated by operating activities	–	–
Cash flow from investing activities		
Investment in associate	–	–
Net cash used in investing activities	–	–
Cash flow from financing activities		
Contribution received for equity share capital	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	–	–

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
January 9, 2018

for and on behalf of the Board of Directors of
Infosys Nova Holdings LLC

A.G.S. Manikantha
Authorized signatory

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, 2016	15,000,000	–	15,000,000
Changes in equity for the year ended December 31, 2016			
Profit for the year	–	–	–
Balance as of December 31, 2016	15,000,000	–	15,000,000
Changes in equity for the year ended December 31, 2017			
Profit for the year	–	(15,000,000)	(15,000,000)
Balance as of December 31, 2017	15,000,000	(15,000,000)	–

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
January 9, 2018

for and on behalf of the Board of Directors of
Infosys Nova Holdings LLC

A.G.S. Manikantha
Authorized signatory

Company overview and significant accounting policies

Company overview

Infosys Nova Holdings LLC (Infosys Nova or the Company) is a wholly-owned subsidiary of Infosys Limited.The purpose of the Company is to engage in any lawful act or activity for which corporation may be organized under the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian 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 relevant amendment rules issued thereafter.

Effective January 1, 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, with January 1, 2015 as the transition date. 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 Reporting currency

The Company's reporting 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.

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$. These financial statements are presented in US$.

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 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.

2.1 Investments

in US$

Particulars	As at December 31,	
	2017	2016
Non-current investments		
Unquoted		
Long-term investments at cost		
Investments in equity instruments of associates		
DWA Nova LLC[1]	–	15,000,000
Total investments	–	15,000,000

[1] During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC, amounting to $15,000,000.

2.2 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2017	2016
Authorized share capital	15,000,000	15,000,000
Issued, subscribed and paid-up	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,	
	2017	2016
Infosys Limited	100%	100%

2.3 Revenue from operations

in US$

Particulars	Years ended December 31,	
	2017	2016
Income from software services	–	–
Income from software products	–	–
	–	–

2.4 Other income

in US$

Particulars	Years ended December 31,	
	2017	2016
Investment written off	(15,000,000)	–
	(15,000,000)	–

2.5 Related party transactions

List of holding companies

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [1][2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland

Name of the subsidiary	Country
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [6]	Czech Republic
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

(1) Wholly-owned subsidiary of Infosys
(2) Incorporated effective November 20, 2017
(3) Wholly-ownedsubsidiary of Infosys Public Services, Inc.
(4) Liquidated effective May 9, 2017
(5) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Liquidated effective December 21, 2016
(8) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(9) Liquidated effective October 5, 2016
(10) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(11) Wholly-owned subsidiary of Panaya Inc.
(12) Liquidated effective November 16, 2016
(13) Liquidated effective November 9, 2017
(14) Wholly-owned subsidiary of Noah
(15) Liquidated effective December 20, 2017
(16) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.
(17) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(18) Majority-owned and controlled subsidiaries of Infosys
(19) Under liquidation

List of associates	Country
DWA Nova LLC[1][2]	US

(1) Associate of Infosys Nova Holdings LLC.
(2) DWA Nova LLC, has been liquidated w.e.f. November 17, 2017.

Independent Auditors' Report

Opinion

We have audited the financial statements of Brilliant Basics Holdings Limited (the 'Company') for the period ended March 31, 2018, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2018 and of its loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

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.

The prior period comparatives are unaudited.

Christopher Shepherd
Senior Statutory Auditor

for and on behalf of

Blick Rothenberg Audit LLP

16 Great Queen Street
Covent Garden
London
WC2B 5AH

May 8, 2018

Profit and Loss Account

in £

Particulars	Note no.	Period ended March 31, 2018	Year ended December 31, 2016
Administrative expenses		(13,118)	–
Operating loss	3	(13,118)	–
Income from other fixed asset investments		7,499	–
Interest payable and similar expenses	5	(19,101)	–
Loss before tax		(24,720)	–
Tax on loss	6	–	–
Loss for the financial period		(24,720)	–

There are no items of other comprehensive income for either the period or the prior year other than the loss for the period. Accordingly, no Statement of Other Comprehensive Income has been presented.

Balance Sheet

in £

Particulars	Note no.	March 31, 2018		December 31, 2016	
Fixed assets					
Investments	7		2		4
Current assets					
Debtors: amounts falling due within one year	8	1,300,147		3,745	
Current asset investments	9	–		1	
Cash at bank and in hand	10	204,401		–	
		1,504,548		3,746	
Creditors: amounts falling due within one year	11	(1,525,520)		(1)	
Net current (liabilities) / assets			(20,972)		3,745
Net (liabilities) / assets			(20,970)		3,749
Capital and reserves					
Called up share capital	12		6		5
Share premium account	13		3,744		3,744
Profit and loss account	13		(24,720)		–
Total equity			(20,970)		3,749

The financial statements were approved and authorized for issue by the Board and were signed on its behalf by:

A.K. Verma
Director

May 8, 2018
The accompanying notes form an integral part of the standalone financial statements.

Statement of Changes in Equity

For the period ended March 31, 2018

in £

Particulars	Called up share capital	Share premium account	Profit and loss account	Total equity
At January 1, 2016	5	3,744	–	3,749
At January 1, 2017	5	3,744	–	3,749
Total comprehensive income for the period				
Loss for the financial period	–	–	(24,720)	(24,720)
Shares issued during the period	1	–	–	1
At March 31, 2018	6	3,744	(24,720)	(20,970)

Notes to the financial statements

1. General information

The principal activity of Brilliant Basics Holdings Limited is that of an investment holding company.

The Company is a private company limited by shares incorporated in England. The address of its principal place of business is Unit D 2nd Floor, Zetland House, 5 – 25 Scrutton Street, London, EC2A 4HJ.

The financial statements are presented in the UK Pound Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') 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:

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of Statement of Cash Flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraph 11.39 to 11.48A (disclosure relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The Company is included in the consolidated financial statements of Infosys Limited for the period ended March 31, 2018, which are also available on the Company's website, at www.infosys.com

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Company has a deficiency on shareholders' funds at the end of the period. The directors consider this basis to be appropriate as the Company has received confirmation from its parent underaking, Infosys Limited, that no requests for the payment of amounts owed to group undertakings will be made unless the Company has sufficient resources to make those repayments. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. On this basis, the directors are of the opinion that no material uncertainty in connection with adopting the going concern assumption exists.

2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.4 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 cash and bank 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 amortized cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including other creditors 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 amortized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when :(a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability, simultaneously.

2.5 Cash and cash equivalents

Cash is represented by cash-in-hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 in the countries where the Company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognized in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.8 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.

3. Operating loss

The operating loss is stated after charging:

in £

Particulars	March 31, 2018	December 31, 2016
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	2000	–

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2016 £NIL).

5. Interest payable and similar charges

in £

Particulars	March 31, 2018	December 31, 2016
Foreign exchange losses	1,860	–
Loans from group undertakings	17,241	–
	19,101	–

6. Taxation

in £

Particulars	March 31, 2018	December 31, 2016
Total current tax	–	–

Factors affecting tax charge for the period / year

The tax assessed for the period / year is higher than (2016 the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained as follows:

in £

Particulars	March 31, 2018	December 31, 2016
Loss on ordinary activities before tax	(24,720)	–
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(4,759)	–
Effects of:		
Losses carried forward	4,759	–
Total tax charge for the period / year	–	

Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on September 6, 2016.

7. Fixed asset investments

in £

Particulars	Investments in subsidiary companies
Cost	
At 1 January 2017	4
Disposals	(2)
At March 31, 2018	2
Net book value	
At March 31, 2018	2
At 31 December 2016	4

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Brilliant Basics Limited	England	Ordinary	100 %	IT consultancy
Brilliant Basics MENA	UAE	Ordinary	100 %	IT consultancy

On September 8, 2017, the Company disposed of its wholly-owned subsidiary undertakings, Brilliant Basics (HK) Limited and Brilliant Basics Pte. Limited.

8. Debtors

in £

Particulars	March 31, 2018	December 31, 2016
Amounts owed by group undertakings	1,300,144	3,745
Other debtors	3	–

Amounts owed by group undertakings are interest free, have no fixed replacement date and are repayable on demand.

9. Current asset investments

in £

Particulars	March 31, 2018	December 31, 2016
Other investments	–	1

10. Cash and cash equivalents

in £

Particulars	March 31, 2018	December 31, 2016
Cash-at-bank and in-hand	204,401	–

11. Creditors: Amounts falling due within one year

in £

Particulars	March 31, 2018	December 31, 2016
Amounts owed to group undertakings	1,523,520	–
Other creditors	–	1
Accruals and deferred income	2,000	–
	1,525,520	1

Amounts owed to group undertakings attract an annual interest rate of between 2.5% and 3.5%, have no fixed replacement dates and are repayable on demand.

12. Share capital

in £

Particulars	March 31, 2018	December 31, 2016
Allotted, called up and fully paid		
1,170 (2016: 1,009) Ordinary shares of £0.005 each	6	5

During the period the Company issued 161 ordinary shares at the nominal value of £0.005 as part of the sale process to Infosys Limited.

13. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

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

14. 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.

15. Parent undertaking and controlling party

The ultimate parent undertaking is Infosys Limited, a company incorporated in India, whose registered office is Electronics City, Hosur Road, Bengaluru, 560 100, Karnataka, India . Group financial statements are also available on the Company's website, at www.infosys.com

In the opinion of the directors, there is no ultimate controlling party.

Detailed Profit and Loss Account

For the period ended March 31, 2018

in £

Particulars	March 31, 2018	December 31, 2016
Administration expenses	(13,118)	–
Operating loss	(13,118)	–
Interest payable and similar charges	(19,101)	–
Investment income	7,499	–
Loss for the financial period/year	(24,720)	–

Schedule to the detailed accounts

For the period ended March 31, 2018

in £

Particulars	March 31, 2018	December 31, 2016
Administration expenses		–
Legal and professional	11,000	–
Auditors' remuneration	2,000	–
Bank charges	118	–
	13,118	–

in £

Particulars	March 31, 2018	December 31, 2016
Interest payable and similar charges		
Group interest payable	17,241	–
Foreign exchange losses	1,860	–
	19,101	–

in £

Particulars	March 31, 2018	December 31, 2016
Investment income		
Profit on disposal of investments	7,499	–

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INFOSYS CONSULTING HOLDING AG

Report of the Statutory Auditor

To the General Meeting 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 as at 31 December 2017, and the income statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these 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 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 31 December 2017 comply with Swiss law and the Company's Articles of Incorporation.

Other matter

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor whose report, dated 31 March 2017, expressed an unqualified opinion on those financial statements.

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 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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 Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Marco Hoogendijk *Licensed Audit Expert* *Auditor in Charge*	Ueli Sturzenegger *Licensed Audit Expert*

Zurich, March 28, 2018

Enclosures

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

Balance Sheet

in CHF

Particulars	As at December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	3,697,526.28	1,087,561.00
Other short-term receivables from third parties	125,182.11	240,921.12
Other short-term receivables from subsidiaries	3,344,531.04	3,412,293.74
Total current assets	7,167,239.43	4,740,775.86
Loans to subsidiaries	30,816,766.38	24,885,848.43
Loans to affiliates	1,358,638.59	–
Investments	24,443,058.92	22,861,065.11
Total non-current assets	56,618,463.89	47,746,913.54
Total assets	63,785,703.32	52,487,689.40
LIABILITIES AND EQUITY		
Other short-term liabilities		
to third parties	20.74	–
to entities in which the entity holds a participation	22,858.95	–
Accrued expenses and deferred income	144,448.36	131,544.72
Total short-term liabilities	167,328.05	131,544.72
Loans from subsidiaries	17,359,894.88	23,475,952.64
Loans from parent	15,091,438.36	–
Total long-term liabilities	32,451,333.24	23,475,952.64
Total liabilities	32,618,661.29	23,607,497.36
Share capital	26,290,000.00	26,290,000.00
Statutory retained earnings	1,335,200.00	1,335,200.00
Voluntary retained earnings	1,860,014.04	12,048,242.57
Net profit / (loss) for the year	2,286,849.99	(10,188,228.53)
Treasury shares	(605,022.00)	(605,022.00)
Total equity	31,167,042.03	28,880,192.04
Total liabilities and equity	63,785,703.32	52,487,689.40

Income statement

in CHF

Particulars	As at December 31,	
	2017	2016
Dividends	5,179,808.13	3,600,000.00
Gross profit	5,179,808.13	3,600,000.00
Office and administration expenses	(23,229.77)	(7,485.04)
Consulting expenses	(286,860.45)	(35,496.46)
Operating expenses	(310,090.22)	(42,981.50)
Earnings before interest and tax (EBIT)	4,869,717.91	3,557,018.50
Financial expenses	(1,833,129.36)	(352,225.59)
Financial income	734,501.08	2,071,729.06
Net financial result	(1,098,628.28)	1,719,503.47
Extraordinary expenses	(1,344,620.87)	(15,375,111.98)
Net extraordinary result	(1,344,620.87)	(15,375,111.98)
Earnings / (loss) before tax (EBT)	2,426,468.76	(10,098,590.01)
Tax expenses	(139,618.77)	(89,638.52)
Net profit / (loss) for the year	2,286,849.99	(10,188,228.53)

Notes to the financial statements

1. Summary of significant accounting policies

1.1 Basis of preparation

The financial statements of Infosys Consulting Holding AG (the Company) have been prepared in accordance with the provisions 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 is furthermore noted that to ensure the long-term prosperity of the Company, these financial statements may be influenced by the creation and release of hidden reserves.

The Company's ultimate parent, Infosys Limited. incorporated in India, prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which include the financial statements of the Company. In accordance with the Swiss Code of Obligations, the Company is therefore exempt from preparing a management report, a Cash Flow Statement and certain additional disclosures in the notes to the financial statements.

1.2 Foreign currency

The Company's functional currency is the Swiss Franc (CHF) as this is assessed to be the principal currency of the economic environment in which it operates.

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currency outstanding at the Balance Sheet date are converted at the Balance Sheet date exchange rate, whereby unrealized losses are recorded in the Income Statement and unrealized profits are deferred. Non-monetary assets and liabilities in foreign currency are translated at the historical foreign exchange rate at the date of the transaction.

1.3 Investments

Investments are initially recorded at acquisition cost. Investments are anually assessed for impairment and are adjusted to their recoverable value, if required, on an individual or grouped basis as appropriate.

1.4 Treasury shares

Treasury shares are recognized at acquisition cost at the time of acquisition and separately disclosed in the shareholder's equity as negative item. In case of disposal or cancellation, the resulting gain or loss is recognized in the Income Statement as financial income or financial expenses.

2. Information on Balance Sheet and income statement items

2.1 Extraordinary expenses

The extraordinary expenses contain valuation adjustments on investments and a loss related to the sale of Infosys Consulting Pte Ltd (Singapore).

2.2 Investments

Particulars		2017	2016
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	1,450,000.00	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 Consultans 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 : 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%

Particulars		2017	2016
Company : Infosys Management Consulting Pty Ltd			
Location : Pyrmont, Australia			
Share capital :	AUD	3,500,300.00	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
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infosys Consulting Pte Ltd			
Location : Singapore, Singapore			
Share capital :	SGD	0.00	10,990,000.00
Directly held percentage of ownership and voting rights :		0.00%	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	80,000.00	3,080,000.00
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	6,930,000.00
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	82,656,615.00
Directly held percentage of ownership and voting rights :		99.999988%	99.999988%
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%
Business purpose of the companies : Management Consulting			

2.3 Share Capital

Particulars		2017	2016
Share capital	CHF	26,290,000.00	26,290,000.00
Common Stock	CHF	23,350,000.00	23,350,000.00
Preferred Stock	CHF	2,940,000.00	2,940,000.00

2.4 Treasury shares

Particulars		2017	2016
Treasury shares	CHF	605,022.00	605,022.00
No. of shares - Common stock		300	300
No. of shares - Preferred stock		2,940	2,940

2.5 Leasing liabilities

Particulars	2017	2016
Off-balance leasing liabilities	–	–

2.6 Guarantees

Rental guarantee on behalf of Infosys Consulting AG	CHF	503,200.00
Rental guarantee on behalf of Infosys Consulting (Belgium) SA	CHF	40,120.80
Payment guarantee on behalf of Infosys Consulting AG	CHF	50,000.00

2.7 Full-time equivalents

The Company does not have any employees (2016 : no employees).

2.8 Subsequent events

On 28 February 2018, the Company sold its 100% interest in Lodestone Management GmbH with a carrying amount of CHF 95,433 as at 31 December 2017 to Infosys Ltd. for a total cash consideration of CHF 8,385.

Proposal on the appropriation of available earnings

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

in CHF

Particulars	As at December 31,	
	2017	2016
Voluntary retained earnings (brought forward)	1,860,014.04	12,048,242.57
Net profit / (loss) for the year	2,286,849.99	(10,188,228.53)
Total voluntary retained earnings	4,146,864.03	1,860,014.04
Allocation to legal reserve (5 %)	(114,000.00)	0.00
Dividend	0.00	0.00
To be carried forward	4,032,864.03	1,860,014.04

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LODESTONE MANAGEMENT CONSULTANTS GmbH

Independent Auditors' Report

To the Members of Lodestone Management Consultants GmbH

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Lodestone Management Consultants GmbH ('the company'), which comprises the Balance sheet as at 31st December 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 ' Ind AS financial statements')

Management's Responsibility for the 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 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 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 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, 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 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 explanation 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 31st December 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 and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered accountants,
Firm Registration Number. 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841.

Bengaluru.
January 9, 2018

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2017	As at December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Income tax assets (net)	2.10	1,33,928	1,51,346
Total non-current assets		1,33,928	1,51,346
Current assets			
Financial assets			
Trade receivables	2.3	4,30,795	1,11,949
Cash and cash equivalents	2.4	7,67,360	83,24,350
Other financial assets	2.2	–	10,55,202
Other current assets	2.5	2,449	–
Total current assets		12,00,604	94,91,501
Total assets		13,34,532	96,42,847
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	53,93,200	53,93,200
Other equity		(55,94,928)	(2,82,36,900)
Total equity		(2,01,728)	(2,28,43,700)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	–	1,06,73,724
Total non-current liabilities		–	1,06,73,724
CURRENT LIABILITIES			
Financial liabilities			
Other financial liabilities	2.9	5,73,975	2,04,77,469
Income tax liabilities (net)	2.10	9,62,285	13,35,354
Total current liabilities		15,36,260	2,18,12,823
Total equity and liabilities		13,34,532	96,42,847

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 : January 9, 2018

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

Roberto Busin
Director

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2017	2016
Revenue from operations	2.11	–	1,04,978
Other income, net	2.12	1,21,78,682	(8,331)
Total income		1,21,78,682	96,647
Expenses			
Employee benefit expenses	2.13	(1,28,46,919)	(12,11,969)
Travel expenses		–	(2,56,952)
Consultancy and professional charges		10,26,309	20,62,029
Finance cost		77,986	1,23,624
Other expenses	2.13	32,645	4,59,847
Total expenses		(1,17,09,979)	11,76,579
Profit before tax		2,38,88,661	(10,79,932)
Tax expense			
Current tax	2.10	(3,39,725)	14,81,276
Deferred tax	2.10	–	–
Profit for the year		2,42,28,386	(25,61,208)
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		(15,86,414)	82,150
Total other comprehensive income / (loss), net of tax		(15,86,414)	82,150
Total comprehensive income / (loss) for the year		2,26,41,972	(24,79,058)

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 : January 9, 2018

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, 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 year	–	(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)
Changes in equity for the year ended December 31, 2017				
Currency translation	–	–	(15,86,414)	(15,86,414)
Profit for the year	–	2,42,28,386	–	2,42,28,386
Balance as of December 31, 2017	53,93,200	(60,21,987)	4,27,059	(2,01,728)

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 : January 9, 2018

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

Roberto Busin
Director

Statement of Cash Flows

in ₹

Particulars	Years ended December 31, 2017	2016
Cash flows from operating activities		
Profit / (loss) for the year	2,42,28,386	(25,61,208)
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	(3,39,725)	14,81,276
Finance cost	77,986	1,23,624
Exchange differences on translation of assets and liabilities	(15,02,495)	82,150
Changes in assets and liabilities		
Trade receivables	(3,18,846)	(28,511)
Loans and other financial assets and other assets	10,52,753	11,08,997
Trade payables	–	(38,40,084)
Other financial liabilities, other liabilities and provisions	(1,99,03,494)	56,21,986
Cash generated from operations	32,94,565	19,88,230
Income taxes paid	(99,845)	(3,38,227)
Net cash generated by operating activities	31,94,720	16,50,003
Cash flow from investing activities		
Loans to employees	–	95,253
Net cash used in investing activities	–	95,253
Cash flow from financing activities		
Loan from parent, net of finance cost	(1,07,51,710)	(84,306)
Net cash used in financing activities	(1,07,51,710)	(84,306)
Net (decrease) / increase in cash and cash equivalents	(75,56,990)	16,60,950
Cash and cash equivalents at the beginning of the year	83,24,350	66,63,400
Cash and cash equivalents at the end of the year	7,67,360	83,24,350

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 : January 9, 2018

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

Roberto Busin

Director

Significant accounting policies

Company overview

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

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

"These financial statements are prepared in accordance with Indian 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 relevant amendment rules issued there after .

Effective January 1, 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, with January 1, 2015 as the transition date. 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 in 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, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

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

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, net of indirect 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 Statement of 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

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 :

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 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.

1.10 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

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 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.

1.11 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 the Statement of Profit or Loss account.

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.

1.13 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 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.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

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. 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.

2.1 Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2017 are as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2017	3,28,035	3,28,035
Additions	–	–
Deletions	(2,84,226)	(2,84,226)
Translation difference	24,468	24,468
Gross carrying value as of December 31, 2017	68,277	68,277
Accumulated depreciation as of January 1, 2017	3,28,035	3,28,035
Depreciation	–	–
Accumulated depreciation on deletions	(2,84,226)	(2,84,226)
Translation difference	24,468	24,468
Accumulated depreciation as of December 31, 2017	68,277	68,277
Carrying value as of December 31, 2017	–	–

The changes in the carrying value of Property, Plant and Equipment as follows:

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2016	3,71,111	3,71,111
Additions	–	–
Deletions	–	–
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	–	–
Accumulated depreciation on deletions	–	–
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	–	–

2.2 Other financial assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Receivable from group companies [(1)(2)]	–	10,55,202
	–	10,55,202
Total	–	10,55,202

Particulars	As at December 31	
	2017	2016
[(1)] Financial assets carried at amortized cost	–	10,55,202
[(2)] Includes dues from fellow related party (Refer note no. 2.14)	–	10,55,202

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Unsecured		
Considered good	4,30,795	1,11,949
	4,30,795	1,11,949

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31	
	2017	2016
Balances with banks		
In current and deposit accounts	7,67,360	83,24,350
	7,67,360	83,24,350

2.5 Other assets

in ₹

Particulars	As at December 31	
	2017	2016
Current		
Others		
Withholding taxes and others	2,449	–
	2,449	–
Total other assets	2,449	–

2.6 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Assets		
Cash and cash equivalents (Refer to Note no. 2.4)	7,67,360	83,24,350
Trade receivables (Refer to Note no. 2.3)	4,30,795	1,11,949
Other financial assets (Refer to Note no. 2.2)	–	10,55,202
Total	11,98,155	94,91,501

Particulars	As at December 31	
	2017	2016
Liabilities		
Borrowings (Refer to Note no. 2.8)	–	1,06,73,724
Other financial liabilities (Refer to Note no. 2.9)	5,73,975	2,04,77,469
Total	5,73,975	3,11,51,193

All the above financial assets and liabilites 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 ₹4,30,795 and ₹1,11,949 as of December 31, 2017 and December 31, 2016, 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 no outstanding borrowings. The Company believes that the working capital is sufficient to meet its current requirements

As of December 31, 2017 and Decemebr 31, 2016, the Company had cash and cash equivalents of ₹7,67,360 and ₹83,24,350 respectively.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2017	2016
Authorized		
EUR 80,000	53,93,200	53,93,200
Issued, subscribed and paid up		
EUR 80,000	53,93,200	53,93,200
	53,93,200	53,93,200

2.8 Borrowings

in ₹

Particulars	As at December 31,	
	2017	2016
Non-current		
Unsecured loan from parent (Refer Note no. 2.14)	–	1,06,73,724
Total Borrowings	–	1,06,73,724

2.9 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2017	2016
Current		
Others		
Accrued expenses	5,73,975	1,25,66,542
Other payables [(1)]	–	79,10,927
Total financial liabilities	5,73,975	2,04,77,469
Financial liability carried at amortized cost	5,73,975	2,04,77,469
[(1)] Includes dues to related party (Refer Note no. 2.14)	–	79,10,927

2.10 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2017	2016
Current taxes	(3,39,725)	14,81,276
Income tax expense	(3,39,725)	14,81,276

Current tax expense for the year ended December 31, 2017 and December 31, 2016 includes provisions (net of reversals) amounting to ₹4,62,575 and ₹13,50,949 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	Year ended December 31,	
	2017	2016
Profit before income tax	2,38,88,661	(10,79,932)
Enacted tax rates in Austria (%)	25.00%	25.00%
Computed expected tax expense	59,72,165	(2,69,983)
Tax provision/(reversal)	(4,62,575)	13,50,949
Overseas taxes	1,22,850	2,69,983
Effect of unrecognized deferred tax assets	(59,72,165)	–
Others	–	1,30,327
Income tax expense	(3,39,725)	14,81,276

The applicable Austrian statutory tax rate for the year ended December 31, 2017 and December 31, 2016 is 25%.

The details of income tax assets and income tax liabilities are as follows:

in ₹

Particulars	As at December 31,	
	2017	2016
Income tax assets	1,33,928	1,51,346
Current income tax liabilities	9,62,285	13,35,354
Net current income tax assets / (liability) at the end	(8,28,357)	(11,84,008)

The gross movement in the current income tax asset / (liability) is as follows:

in ₹

Particulars	As at December 31	
	2017	2016
Net current income tax asset / (liability) at the beginning	(11,84,008)	(40,959)
Income tax paid	99,845	3,38,227
Current income tax expense (Refer to Note no. 2.10)	3,39,725	(14,81,276)
Translation difference	(83,919)	–
Net current income tax asset / (liability) at the end	(8,28,357)	(11,84,008)

2.11 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2017	2016
Income from consultancy services	–	1,04,978
	–	1,04,978

2.12 Other income

in ₹

Particulars	Year ended December 31	
	2017	2016
Exchange gains / (losses) on translation of other assets and liabilities	118	(8,331)
Others, net	1,21,78,564	–
	1,21,78,682	(8,331)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	(1,28,46,919)	(12,11,969)
	(1,28,46,919)	(12,11,969)

in ₹

Particulars	Year ended December 31	
	2017	2016
Other expenses		
Rates and taxes	–	2,29,664
Repairs and maintenance	–	1,787
Others	32,645	2,28,396
	32,645	4,59,847

2.14 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2017	2016
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the utimate 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 Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden) [1]	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) [1]	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) [1]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova) [1]	US
EdgeVerve Systems Limited (EdgeVerve) [1]	India
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [1]	Singapore
Skava Systems Pvt. Ltd. (Skava Systems) [1]	India
Kallidus Inc. (Kallidus) [1]	US
Infosys Chile SpA [1][2]	Chile
Infosys Americas Inc., (Infosys Americas) [1]	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1] [19]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services) [1]	US
Infosys Canada Public Services Ltd.[3][4]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited) [18]	India
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [5]	Czech Republic

Name of subsidiaries	Country
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland
Infosys McCamish Systems LLC [5]	US
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	US
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) [1]	Switzerland
Lodestone Management Consultants Inc. [6]	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [6]	France
Lodestone Management Consultants GmbH [6]	Austria
Lodestone Management Consultants Co., Ltd. [6]	China
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [6][7]	Switzerland
Lodestone Augmentis AG [8][9]	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [10]	Belgium
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [10]	Brazil
Panaya Inc. (Panaya) [1]	US
Panaya Ltd.[11]	Israel
Panaya GmbH [11]	Germany
Panaya Japan Co. Ltd.[11]	Japan
Panaya Pty Ltd.[11][12]	Australia
Noah Consulting LLC (Noah) [13]	US
Noah Information Management Consulting Inc. (Noah Canada) [14][15]	Canada
Brilliant Basics Holdings Limited.[16]	UK
Brilliant Basics Limited [17]	UK
Brilliant Basics (MENA) DMCC [17]	Dubai

[1] Wholly-owned subsidiary of Infosys

[2] Incorporated effective November 20, 2017

[3] Wholly-owned subsidiary of Infosys Public Services, Inc.

[4] Liquidated effective May 9, 2017

[5] Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[7] Liquidated effective December 21, 2016

[8] Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

[9] Liquidated effective October 5, 2016

[10] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[11] Wholly-owned subsidiary of Panaya Inc.

[12] Liquidated effective November 16, 2016

[13] Liquidated effective November 9, 2017

[14] Wholly-owned subsidiary of Noah

[15] Liquidated effective December 20, 2017

[16] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

[17] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[18] Majority-owned and controlled subsidiaries of Infosys

[19] Under Liquidation

Name of associates	Country
DWA Nova LLC[1][2]	US

[1] Associate of Infosys Nova Holdings LLC.

[2] DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017.

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

in ₹

Particulars	As at December 31	
	2017	2016
Borrowings		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	1,06,73,724
	–	1,06,73,724
Other financial assets		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH),Germany	–	10,55,202
	–	10,55,202
Other financial liabilities		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH),Germany	–	79,10,927
	–	79,10,927

in ₹

Particulars	2017	2016
Capital transactions		
Financing transactions		
Borrowings(net of repayment)		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	39,318
	–	39,318
Revenue transactions		
Purchase of services		
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z.o.o)	–	1,196
	–	1,196
Interest expense		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	77,986	1,09,562
	77,986	1,09,562
Other income		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,21,78,564	–
	1,21,78,564	–
Sale of services		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH), Germany	–	1,04,978
	–	1,04,978

2.15 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 the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108.

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INFOSYS BPO AMERICAS LLC

Independent Auditors' Report

To,
The Board of Directors
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, 2018 and March 31, 2017, and the related statements of operation, changes in member's equity, and cash flows for the year ended March 31, 2018 and 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 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, 2018 and March 31, 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 and 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

Balance Sheet

in US$

Particulars	As at March 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	432,033	717,933
Prepayments and other assets	85,312	50,719
Total current assets	517,345	768,652
Total non-current assets	–	–
Total assets	517,345	768,652
LIABILITIES AND EQUITY		
Current liabilities		
Loan from related parties	501,096	–
Trade payables	–	2,030
Other liabilities	270,300	184,090
Total current liabilities	771,396	186,120
Non-current liabilities		
Other non-current liabilities	–	–
Total non-current liabilities	–	–
Total liabilities	771,396	186,120
MEMBER'S EQUITY		
Member's equity	1,000,000	1,000,000
Accumulated deficit	(1,254,051)	(417,468)
Total member's equity	(254,051)	582,532
Total liabilities and member's equity	517,345	768,652

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

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statements of Comprehensive Income

in US$

Particulars	Years ended March 31,	
	2018	2017
Revenue	–	–
Cost of revenue	–	–
Gross profit	–	–
Other expenses		
Selling and marketing expenses	45	–
Administrative expenses	835,448	417,468
Total other expenses	835,493	417,468
Operating loss	(835,493)	(417,468)
Interest expense	1,096	–
Other expenses / (income)		
Miscellaneous income	(6)	–
Loss before income taxes	(836,583)	(417,468)
Income tax expense	–	–
Net loss	(836,583)	(417,468)
Other comprehensive income	–	–
Total comprehensive loss	(836,583)	(417,468)

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statements of Changes in Member's Equity

in US$

Particulars	Member's equity	Additional paid in capital	Accumulated deficit	Total member's equity
Balance as of April 1, 2016	–	–	–	–
Changes in members equity for the year ended March 31, 2017				
Shares issued to member	1,000,000	–	–	1,000,000
Net loss for the year	–	–	(417,468)	(417,468)
Balance as of March 31, 2017	1,000,000	–	(417,468)	582,532
Changes in members equity for the year ended March 31, 2018				
Net loss for the year	–	–	(836,583)	(836,583)
Balance as of March 31, 2018	–	–	(1,254,051)	(254,051)

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statement of Cash Flows

in US$

Particulars	Years ended March 31, 2018	2017
Cash flows from operating activities		
Net loss for the year	(836,583)	(417,468)
Adjustments to reconcile net loss to net cash provided by operating activities		
Exchange difference	(6)	–
Interest expense	1,096	–
Cash operating loss	(835,493)	(417,468)
Changes in assets and liabilities		
Prepayments and other assets	(34,587)	(50,719)
Trade payables	(2,030)	2,030
Other liabilities and provisions	86,210	184,090
Net cash used in operating activities	(785,900)	(282,067)
Cash flows from investing activities		
Expenditure on property, plant and equipment	–	–
Net cash used in investing activities	–	–
Cash flows from financing activities		
Capital Infusion	–	1,000,000
Loan from related parties	500,000	–
Net cash used in financing activities	500,000	1,000,000
Net changes in cash and cash equivalents	(285,900)	717,933
Cash and cash equivalents at the beginning of the year	717,933	–
Cash and cash equivalents at the end of the year	432,033	717,933

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

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 BPM Limited (formerly 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 US 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 US Generally Accepted Accounting Principles (US GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Appropriate changes in estimates are made as Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from 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 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

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

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, Management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the Income Statement of the period of change.

2. Member's equity

At March, 2018, the Company had one member, Infosys BPM Limited (the"Member"). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

in US$

Particulars	2018	2017
Current account	432,033	717,933

4. Administrative Expenses

in US$

Particulars	Years ended March 31,	
	2018	2017
Salaries	532,131	189,631
Legal and professional charges	123,340	166,074
Others	179,977	61,763
Total	835,448	417,468

5. Related party transactions

Name of the related party and their relationships :

Holding Company- Infosys BPM Limited (formerly known as IBPO Limited)

There are no transactions with the holding Co. during the year ended March 31, 2018 except as disclosed below :

The following is the summary of material related party transactions during the year :

in US$

Name of the party	Nature of transaction	Year ended March 31, 2018	Closing as on March 31, 2018
Infosys Public Services Limited	Loan	500,000	501,096

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 Ajit Shah
Authorized Signatory
April 25, 2018

INFOSYS AMERICAS INC.

Independent Auditors' Report

To the members of Infosys Americas Inc.

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Infosys Americas Inc ('the Company'), which comprises the Balance sheet as at 31st March 2018, 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 ' Ind AS financial statements').

Management's responsibility for the 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 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 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 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, 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 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 explanation 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 March 31, 2018 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

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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
April 9, 2018

Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	85,335	88,285
Total current assets		85,335	88,285
Total Assets		85,335	88,285
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.4	100,000	100,000
Other equity		(17,115)	(14,165)
Total equity		82,885	85,835
Liabilities			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.3	2,450	2,450
Income tax liabilities (net)	2.5	–	–
Total current liabilities		2,450	2,450
Total equity and liabilities		85,335	88,285

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
April 9, 2018

for and on behalf of the Board of Directors of
Infosys Americas Inc.

Mohit Joshi
Director

Statement of Profit and Loss

in US$, except equity share and per equity share data

Particulars	Note no.	Years ended March 31	
		2018	2017
Revenue from operations		–	–
Total income		–	–
Expenses			
Consultancy and professional charges		2,511	2,450
Other expenses	2.6	439	742
Total expenses		2,950	3,192
Loss before tax		(2,950)	(3,192)
Tax expense:			
Current tax	2.5	–	(1,600)
Loss for the year		(2,950)	(1,592)
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 loss for the year		(2,950)	(1,592)
Earnings per equity share			
Equity shares of par value US$ 10/- each			
Basic (US$)		(0.30)	(0.16)
Diluted (US$)		(0.30)	(0.16)
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
April 9, 2018

for and on behalf of the Board of Directors of
Infosys Americas Inc.

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, 2016	100,000	(12,573)	87,427
Changes in equity for the year ended March 31, 2017			
Loss for the year	–	(1,592)	(1,592)
Balance as of March 31, 2017	100,000	(14,165)	85,835
Changes in equity for the year ended March 31, 2018			
Loss for the year	–	(2,950)	(2,950)
Balance as of March 31, 2018	100,000	(17,115)	82,885

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
April 9, 2018

for and on behalf of the Board of Directors of
Infosys Americas Inc.

Mohit Joshi
Director

Statement of Cash Flows

in US$

Particulars	Years ended March 31,	
	2018	2017
Cash flow from operating activities		
Loss for the year	(2,950)	(1,592)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	–	(1,600)
Changes in assets and liabilities		
Other financial liabilities	–	(1,561)
Cash used in operations	(2,950)	(4,753)
Income taxes paid	–	–
Net cash used in operating activities	(2,950)	(4,753)
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	(2,950)	(4,753)
Cash and cash equivalents at the beginning of the year	88,285	93,038
Cash and cash equivalents at the end of the year	85,335	88,285

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
April 9, 2018

for and on behalf of the Board of Directors of
Infosys Americas Inc.

Mohit Joshi
Director

Significant accounting policies

Company overview

Infosys Americas Inc. (Infosys Americas) 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 provides solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from 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 relevant amendment rules issued thereafter.

Effective April 1, 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, with April 1, 2015 as the transition date. 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 US Dollars (US$).

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, 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.

1.6.2 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 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, 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 Dollars. 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.

1.10 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.

2.1 Cash and cash equivalents

in US$

Particulars	As at March 31,	
	2018	2017
Balances with banks		
In current accounts	85,335	88,285
	85,335	88,285

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,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.1)	85,335	88,285
Total	85,335	88,285
Liabilities		
Other financial liabilities (Refer to Note 2.3)	2,450	2,450
Total	2,450	2,450

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$ 82,885 and US$ 85,835 as of March 31, 2018 and March 31, 2017, respectively, which includes cash and cash equivalents of US$ 85,335 and US$ 88,285 as of March 31, 2018 and March 31, 2017, respectively.

2.3 Other financial liablities

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Others		
Accrued expenses [1]	2,450	2,450
Total financial liabilities	2,450	2,450

[1] All financial libilities are carried at ammortized cost

2.4 Equity

Equity share capital

in US$, except as otherwise stated

Particulars	As at March 31,	
	2018	2017
Authorized		
Equity shares		
10,000 (10,000) equity shares of US$ 10 par value	100,000	100,000
Issued, Subscribed and Paid-Up		
Equity shares		
10,000 (10,000) equity shares of US$ 10 par value	100,000	100,000
	100,000	100,000

The details of shareholder holding more than 5% shares are as follows :

in nos., except as stated otherwise

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited	10,000	100	10,000	100

2.5 Income taxes

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

in US$

Particulars	Years ended March 31,	
	2018	2017
Current taxes	–	(1,600)
Income tax expense	–	(1,600)

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	Years ended March 31,	
	2018	2017
Profit before income taxes	(2,950)	(3,192)
Enacted tax rates in USA	40.00%	40.00%
Computed expected tax expense	(1,180)	(1,277)
Effect of unrecognized deferred tax assets on loss	1,180	1,277
Others	–	(1,600)
Income tax expense	–	(1,600)

The gross movement in the current income tax asset / (liability) is as follows:

in US$

Particulars	Years ended March 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	–	(1,600)
Income tax paid	–	–
Current income tax expense	–	1,600
Net current income tax asset / (liability) at the end	–	–

2.6 Expenses

in US$

Particulars	Years ended March 31	
	2018	2017
Other expenses		
Rates and taxes	300	300
Bank charges	139	442
	439	742

2.7 Related party transactions

List of holding companies

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary	Country	Holdings as at March 31,	
		2018	2017
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil	100%	100%

Name of the subsidiary	Country	Holdings as at March 31,	
		2018	2017
Infosys Nova Holdings LLC. (Infosys Nova)	US	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Lodestone Management Consultants GmbH[1]	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	US	100%	100%
Infosys Chile SpA[2]	Chile	100%	–
Infosys Arabia Limited[3]	Saudi Arabia	70%	–
Infosys Technologies (Australia) Pty. Limited, (Infosys Australia) [1]	Australia	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	US	100%	100%
Infosys Canada Public Services Ltd.[5][6]	Canada	–	–
Infosys BPM Limited (formerly Infosys BPO Limited)	India	99.98%	99.98%
Infosys (Czech Republic) Limited s.r.o.[7]	Czech Republic	99.98%	99.98%
Infosys Poland, Sp z.o.o[7]	Poland	99.98%	99.98%
Infosys McCamish Systems LLC [7]	US	99.98%	99.98%
Portland Group Pty Ltd[7]	Australia	99.98%	99.98%
Infosys BPO Americas LLC.[7]	US	99.98%	99.98%
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%
Lodestone Management Consultants Inc.[4][8]	US	100%	100%
Infosys Management Consulting Pty Limited[8]	Australia	100%	100%
Infosys Consulting AG[8]	Switzerland	100%	100%
Infosys Consulting GmbH[8]	Germany	100%	100%
Infosys Consulting SAS[8]	France	100%	100%
Infosys Consulting s.r.o.[8]	Czech Republic	100%	100%
Lodestone Management Consultants Co., Ltd.[8]	China	100%	100%
Infy Consulting Company Ltd[8]	UK	100%	100%
Infy Consulting B.V.[8]	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o[8]	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. [8]	Portugal	100%	100%
S.C. Infosys Consulting S.R.L.[8]	Romania	100%	100%
Infosys Consulting S.R.L.[8]	Argentina	100%	100%
Lodestone GmbH[8][9]	Switzerland	–	–
Lodestone Augmentis AG [10][11]	Switzerland	–	–
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[12]	Belgium	99.90%	99.90%
Infosys Consulting Ltda.[12]	Brazil	99.99%	99.99%
Panaya Inc. (Panaya)	US	100%	100%
Panaya Ltd.[13]	Israel	100%	100%
Panaya GmbH[13]	Germany	100%	100%
Panaya Japan Co. Ltd[4][13]	Japan	100%	100%
Panaya Pty Ltd.[13][14]	Australia	–	–
Noah Consulting LLC (Noah)[15]	US	–	100%
Noah Information Management Consulting Inc. (Noah Canada)[16][17]	Canada	–	100%
Brilliant Basics Holdings Limited[18]	UK	100%	–
Brilliant Basics Limited[19]	UK	100%	–
Brilliant Basics (MENA) DMCC[19]	Dubai	100%	–
Infosys Consulting Pte Limited[1]	Singapore	100%	100%
Infosys Middle East FZ LLC[20]	Dubai	100%	–

(1) Wholly-owned subsidiary of Infosys Limited

(2) Incorporated effective November 20, 2017

(3) Subsidiary of Infosys Limited

(4) Under liquidation

(5) Wholly-owned subsidiary of Infosys Public Services, Inc.

(6) Liquidated effective May 9, 2017

(7) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

(8) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(9) Liquidated effective December 21, 2016

(10) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

[11] Liquidated effective October 5, 2016

[12] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[13] Wholly-owned subsidiary of Panaya Inc.

[14] Liquidated effective November 16, 2016

[15] Liquidated effective November 9, 2017

[16] Wholly-owned subsidiary of Noah

[17] Liquidated effective December 20, 2017

[18] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK.

[19] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[20] Wholly-owned subsidiary of Infosys Consulting Pte Ltd

List of associates

Name of the associate	Country
DWA Nova LLC[1][2]	US

[1] Associate of Infosys Nova Holdings LLC.

[2] DWA Nova LLC, has been liquidated w.e.f. November 17, 2017.

2.8 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 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 CONSULTING SAS

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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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